

TWENTY-FOURTH ANNUAL REPORT

OF

**THE KANSAS CITY SOUTHERN
RAILWAY COMPANY**

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1923

55

CORPORATE ORGANIZATION

DIRECTORS

L. F. LOREE, Chairman of the Board, New York.			
JAMES A. BLAIR,	New York.	MASON B. STARRING,	New York.
PIERPONT V. DAVIS,	New York.	JOSEPH F. STILLMAN,	New York.
WILLIAM C. LOREE,	New York.	W. G. STREET,	New York.
SAMUEL MCROBERTS,	New York.	ARTHUR TURNBULL,	New York.
ANDREW J. MILLER,	New York.	J. A. EDSON,	Kansas City, Mo.
WALTER T. ROSEN,	New York.	GEO. M. MYERS,	Kansas City, Mo.
MORITZ ROSENTHAL,	New York.	EDWARD F. SWINNEY,	Kansas City, Mo.

EXECUTIVE COMMITTEE

L. F. LOREE, Chairman,		WALTER T. ROSEN,
JAMES A. BLAIR,	ANDREW J. MILLER,	ARTHUR TURNBULL.

OFFICERS

J. A. EDSON,	President.....	Kansas City, Mo.
A. M. CALHOUN,	Assistant to the President.....	Kansas City, Mo.
G. B. WOOD,	Assistant to the President.....	Kansas City, Mo.
G. P. WILLIAMS,	Assistant to the President.....	Beaumont, Tex.
J. F. HOLDEN,	Vice-President in Charge of Traffic.....	Kansas City, Mo.
H. A. WEAVER,	General Freight Agent.....	Kansas City, Mo.
S. G. WARNER,	General Passenger and Ticket Agent.....	Kansas City, Mo.
G. C. HAND,	Vice-President and Secretary.....	New York.
G. W. MULLER,	Assistant Secretary and Transfer Agent.....	New York.
B. B. SANFORD,	Assistant Secretary.....	New York.
L. J. HENSLEY,	Auditor and Assistant Secretary.....	Kansas City, Mo.
I. C. MCGEE,	Treasurer.....	Kansas City, Mo.
J. M. SALTER,	Assistant Treasurer.....	Kansas City, Mo.
J. J. WEISS,	Assistant Treasurer.....	New York.
SAMUEL UNTERMYER,	Counsel.....	New York.
S. W. MOORE,	General Counsel.....	New York.
F. H. MOORE,	General Solicitor.....	Kansas City, Mo.
A. F. SMITH,	Assistant General Solicitor.....	Kansas City, Mo.
G. H. MUCKLEY,	Commerce Counsel.....	Kansas City, Mo.
C. E. JOHNSTON,	General Manager.....	Kansas City, Mo.
E. H. HOLDEN,	General Superintendent of Transportation.....	Kansas City, Mo.
W. N. DERAMUS,	Superintendent of Car Service.....	Kansas City, Mo.
O. CORNELISEN,	Superintendent, Northern Division.....	Pittsburg, Kas.
E. S. HILL,	Superintendent, Southern Division.....	Texarkana, Tex.
A. N. REECE,	Chief Engineer.....	Kansas City, Mo.
M. A. HALL,	Superintendent of Machinery.....	Pittsburg, Kas.
J. M. PRICKETT,	Superintendent of Personnel.....	Kansas City, Mo.
B. B. BRAIN,	Purchasing Agent.....	Kansas City, Mo.

Stocks are transferred and Bonds registered or transferred at the New York Office.

NEW YORK OFFICE, 25 Broad Street.

GENERAL OFFICES, Kansas City, Mo.

KANSAS CITY, MO., MAY 25, 1924.

To the Stockholders of

THE KANSAS CITY SOUTHERN RAILWAY COMPANY:

The twenty-fourth annual report of the affairs of your Company, being for the year ended December 31, 1923, is herewith presented.

SUMMARY OF OPERATIONS.

That portion of the system lying within the State of Texas, the mileage of which is included in the operated mileage of your Company, is operated separately by its owner, the Texarkana and Fort Smith Railway Company, which maintains its own general offices and books of account at Texarkana, Texas, in accordance with the State law. The reports of that company are, however, combined with those of the parent Company in so far as necessary to enable a comprehensive survey of operations for the entire line from Kansas City to the Gulf.

The succeeding statement shows the results of operation for the year, compared with such results for the preceding year:

	1923		1922		INCREASE	DECREASE
AVERAGE MILEAGE OPERATED.....	841.55		841.55			
RAILWAY OPERATING REVENUES.						
Freight.....	\$18,086,261.74	80.44%	\$16,336,124.86	80.23%	\$1,750,136.88	
Passenger.....	2,422,776.58	10.78	2,201,623.92	10.81	221,152.66	
Excess Baggage.....	20,948.60	.09	20,461.68	.10	486.92	
Mail.....	244,213.64	1.09	217,124.56	1.07	27,089.08	
Express.....	500,056.48	2.22	441,599.16	2.17	58,457.32	
Other Passenger-train.....	4,365.02	.02	3,282.58	.02	1,082.44	
Switching.....	841,409.67	3.74	755,715.12	3.71	85,694.55	
Special Service Train.....	7,038.84	.03	5,884.60	.03	1,154.24	
Other Freight-train.....	14,017.36	.06	3,372.38	.02	10,644.98	
Incidental and Joint Facility.....	344,011.16	1.53	375,990.73	1.84	.....	\$31,979.57
Total.....	\$22,485,099.09	100.00%	\$20,361,179.59	100.00%	\$2,123,919.50	
RAILWAY OPERATING EXPENSES.						
Maintenance of Way and Structures..	\$ 3,547,640.63	15.78%	\$ 2,562,345.79	12.58%	\$ 985,294.84	
Maintenance of Equipment.....	4,274,864.58	19.01	4,100,872.45	20.14	173,992.13	
Traffic.....	533,644.04	2.37	502,350.45	2.47	31,293.59	
Transportation.....	7,401,645.16	32.92	7,023,098.56	34.49	378,546.60	
Miscellaneous Operations.....	17,654.71	.08	5,120.72	.03	12,533.99	
General.....	954,668.43	4.24	902,220.32	4.43	52,448.11	
Transportation for Investment—Cr...	21,306.14	.09	12,548.48	.06	8,757.66	
Total.....	\$16,708,811.41	74.31%	\$15,083,459.81	74.08%	\$1,625,351.60	
NET REVENUE FROM RAILWAY OPERATIONS.....	\$ 5,776,287.68	25.69%	\$ 5,277,719.78	25.92%	\$ 498,567.90	
RAILWAY TAX ACCRUALS.....	\$ 1,435,907.45	6.39%	\$ 1,315,676.19	6.46%	\$ 120,231.26	
UNCOLLECTIBLE RAILWAY REVENUES...	10,310.25	.04	5,523.56	.03	4,786.69	
RAILWAY OPERATING INCOME.....	\$ 4,330,069.98	19.26%	\$ 3,956,520.03	19.43%	\$ 373,549.95	
EQUIPMENT RENTS—Net debit.....	\$ 686,295.32	.....	\$ 448,542.11	.....	\$ 237,753.21	
JOINT FACILITY RENTS—Net debit.....	106,673.86	.....	109,122.49	.....	.....	\$ 2,448.63
NET RAILWAY OPERATING INCOME.....	\$ 3,537,100.80	.....	\$ 3,398,855.43	.....	\$ 138,245.37	
RATIO OF OPERATING EXPENSES AND TAXES TO OPERATING REVENUES.....	.....	80.70%	.....	80.54%	.16%	

OPERATING REVENUES.

The increase of \$2,123,919.50 in Operating Revenues resulted from the following causes:

INCREASES IN OPERATING REVENUES.

Freight Revenue:

Due to increased movement of gravel, sand, stone and brick used in construction of buildings and highways	\$322,916.19	
Due to increased movement of crude petroleum, brought about by the opening of new fields contiguous to, and the location of additional refineries and concentration stations on, your line	352,448.96	
Due to increased movement of refined petroleum and its products, caused by greater consumption and increased capacity of refineries located on your line	521,199.71	
Due to increased movement of cross ties, principally to treating plants located on your line	433,617.72	
Due to increased movement of pine lumber, logs, posts, and other products of forests, caused by improved business conditions	313,561.15	
Due to development of territory and general improvement in business conditions	432,783.62	
Decrease in movement of products of agriculture, due principally to falling off in movement of export wheat through Gulf ports	626,390.47	\$1,750,136.88

Passenger Revenue:

Due to movement of Mexican laborers to northern sugar beet fields	\$ 81,641.53	
Due to improved business conditions	139,511.13	221,152.66

Mail Revenue:

Due to increase in amount of space used by United States Post Office Department		27,089.08
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Switching Revenue:

Due to increased switching movement, caused by improved business conditions		85,694.55
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Express Revenue:

Due to increase in express traffic, caused by improved business conditions		58,457.32
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Miscellaneous net increases		13,368.58
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Incidental and Joint Facility:

Decrease due to inclusion last year in the revenues of the Company, as a joint owner, of a proportion of the gross revenues of the Kansas City Terminal Ry. Co. for the years 1921 and 1922, by direction of the Interstate Commerce Commission		31,979.57
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Net increase in Operating Revenues

\$2,123,919.50

OPERATING EXPENSES.

The increase of \$1,625,351.60 in Operating Expenses resulted from the following causes:

INCREASES IN OPERATING EXPENSES.

Maintenance of Way and Structures:

Due to adjustments in the accounts made by direction of the Interstate Commerce Commission	\$360,735.59	
Due to replacement of Arkansas River Bridge	154,627.22	
Due to replacement of 60-pound rail with 80-pound rail on the Fort Smith Branch...	15,804.67	
Due to replacement and renewal of ballast	259,940.06	
Due to maintenance expenditures incident to improvements in shop facilities	81,188.22	
Due to charges for maintenance of dock and wharf property at Port Arthur, assumed under lease dated February 1, 1923	19,948.52	
Due to cessation of repairs to telegraph line during previous year on account of strike of Mechanical Department employees	11,592.73	
Due to increase in supervision expenses	43,015.98	
Due to increased expenditures for restoration of cuts and fills	42,928.58	
Miscellaneous net decreases	4,486.73	\$ 985,294.84

Carried Forward

\$ 985,294.84

Brought Forward.....		\$ 985,294.84	
Maintenance of Equipment:			
Due to increase in supervision expenses.....	\$ 27,429.85		
Due to heavy repairs to locomotives, caused by deferred maintenance on account of strike of Mechanical Department employees in 1922.....	172,372.39		
Due to increase in number of freight cars receiving heavy repairs.....	205,764.83		
Due to increase in number of passenger-train cars receiving heavy repairs.....	32,355.33		
Due to increase in heavy repairs to work equipment, principally cars used in ballasting.....	71,957.36		
Due to increase in repairs to shop machinery on account of deferred repairs caused by shopmen's strike in previous year.....	\$12,000.00		
Due to expenditures for maintenance incident to improvements in shop machinery.....	39,893.18	51,893.18	
Due to increase in charges for retirements.....	58,934.59		
Miscellaneous net decreases.....	8,300.07		
Decreases due to expense in the previous year, incurred by reason of the shopmen's strike	438,415.33	173,992.13	
Traffic:			
Due to increase in charges for supervision.....	\$ 4,832.32		
Due to increase in soliciting forces.....	17,325.35		
Due to increase in charges for advertising.....	7,391.36		
Miscellaneous net increases.....	1,744.56	31,293.59	
Transportation Expenses:			
Due to increase in charges for supervision.....	\$ 24,914.37		
Due to increase of station service, caused by increase in traffic.....	48,470.53		
Due to increase in locomotive, yard and train service, caused by increase in traffic..	200,317.38		
Due to increase in consumption of fuel.....	\$244,495.02		
Due to an adjustment in the value of fuel on hand.....	53,922.84		
Decrease in price of fuel.....	170,850.24	127,567.62	
Miscellaneous net increases.....	21,330.33		
Decrease due to inclusion last year in the operating expenses of the Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1921 and 1922, by direction of the Interstate Commerce Commission	44,053.63	378,546.60	
Miscellaneous Operations:			
Due to increase in charges for cost of operating the grain elevator at Port Arthur, Texas, taken over under the lease dated February 1, 1923.....	\$ 15,442.87		
Decrease due to inclusion last year in the operating expenses of the Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1921 and 1922, by direction of the Interstate Commerce Commission	2,908.88	12,533.99	
General:			
Due to increase in charges for General Office forces.....	\$ 8,883.04		
Due to cost of publicity by advertisement.....	20,081.22		
Due to charge for your Company's proportion of cost of Group Insurance for your employes.....	20,755.73		
Miscellaneous net increases.....	2,728.12	52,448.11	
Transportation for Investment—Cr.:			
Due to increase in material conveyed in revenue trains for construction purposes.....		8,757.66	
Net increase in Operating Expenses.....		\$1,625,351.60	

The regulations of the Interstate Commerce Commission, in effect July 1, 1914, require that when men or materials employed in construction are conveyed in revenue trains, the estimated cost of their transportation shall be credited to operating expenses and charged to the appropriate investment account. No revenue charge was made by the companies against material used in their own operations.

TAXES.

Following is a statement of charges on account of taxes, compared with the preceding year:

	1923	1922	Increase
State, county and municipal taxes.....	\$ 958,584.53	\$ 917,402.28	\$ 41,182.25
Federal income and excess profits taxes.....	460,276.42	379,773.91	80,502.51
Federal capital stock tax.....	17,046.50	18,500.00	1,453.50
Totals.....	<u>\$1,435,907.45</u>	<u>\$1,315,676.19</u>	<u>\$120,231.26</u>

The increase in State, county, and municipal taxes is due to charges for adjustments of reserves for assessments in the States of Oklahoma, Louisiana and Texas. The charges for Federal income and excess profits taxes include an item of reserve, amounting to \$259,369.00, occasioned by the settlement made during the year with the United States Railroad Administration on account of the Federal control period, which item is subject to adjustment.

REVENUE TONNAGE.

The revenue tonnage movement for the year, as compared with that of the year preceding, was as follows:

For the year ended December 31, 1923.		
Revenue Tons one mile—North.....	972,288,648	
Revenue Tons one mile—South.....	<u>711,725,741</u>	1,684,014,389
For the year ended December 31, 1922.		
Revenue Tons one mile—North.....	883,332,642	
Revenue Tons one mile—South.....	<u>624,382,886</u>	1,507,715,528
Increase in Revenue Tons one mile.....		<u>176,298,861</u>

WAGE ADJUSTMENTS.

Decisions ordering adjustments in wages were rendered by the United States Railroad Labor Board, as below stated:

On February 28, 1923, Decision No. 1621, covering an increase in wages effective March 1, 1923, of freight handlers and truckers, amounting approximately to 4.8 per cent. It is estimated that this decision will increase the pay rolls of your Company to the extent of \$7,565.00 per annum.

On October 19, 1923, Decision No. 1986, covering an increase in wages effective October 16, 1923, of clerical and station forces (excluding office boys and telephone switchboard operators), amounting approximately to 1.2 per cent. It is estimated that this decision will increase the pay rolls to the extent of \$16,248.00 per annum.

On November 22, 1923, Decision No. 2025, covering an increase in wages effective November 16, 1923, of telegraphers, amounting approximately to 3.3 per cent. It is estimated that this decision will increase the pay rolls to the extent of \$12,888.00 per annum.

In addition to the foregoing, machinists, boilermakers, blacksmiths, sheet metal workers, electricians and carmen employed by your Company were afforded the opportunity to receive greater compensation through agreements entered into with associations representing these crafts, effective May 1, 1923. These agreements provide for differential rates to be applied, solely at the option of the management, to individual mechanics and helpers whose qualifications, based upon interest, ability to perform satisfactory quality and quantity of work, and loyalty, have been demonstrated; which differentials may be discontinued at any time.

COST OF SUPPLIES.

There was a substantial increase in the prices of practically all supplies consumed in operation and of materials used in construction and maintenance, except fuel. The price of coal declined 8.00 per cent., while that of fuel oil receded 7.68 per cent. The appended exhibit shows the approximate average changes in the costs of principal materials in comparison with the preceding year.

DESCRIPTION OF MATERIAL.

MAINTENANCE OF WAY AND STRUCTURES:	Increase
Angle Bars.....	8.9%
Anti-Creepers—Rail.....	15.8
Bolts—Treated Track.....	26.2
Cattle Guards—Steel.....	....
Cross Ties—White Oak.....	18.8
Frogs, Crossings and Switch Material.....	5.0
Hand Cars.....	2.4*
Lumber—White Oak.....	8.3
Lumber—Yellow Pine.....	33.0
Paint—Bridge and Metal.....	6.2*
Paint—Depot and Building.....	....
Push Cars.....	2.2*
Rail—Standard Open Hearth.....	....
Roofing—Texaco.....	6.6*
Shingles—Cypress.....	....
Shovels—Track.....	6.1*
Spikes—Track.....	8.4
Tie Plates.....	15.2
Tools—Roadway.....	2.3*
Wire—Barbed.....	19.2
Wire—Woven.....
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MAINTENANCE OF EQUIPMENT:	
Air Brake Hose.....	17.1%
Air Brake Material.....
Asbestos and Magnesite Material.....	13.9
Axles—Engine.....	27.7
Babbitt.....	11.0
Belting—Leather.....	20.9
Bolts—Machine.....	18.7
Brake Beams—Metal, Freight.....	....
Brick—Fire.....	16.4
Brooms.....	64.7
Brushes.....	2.3
Car and Locomotive Replacers.....	1.5
Castings—Grey Iron.....	1.8
Castings—Malleable Iron.....	27.6
Castings—Steel.....	5.0
Copper—Sheet.....	10.0
Copper Ferrules.....	10.0
Couplers.....	20.4
Flues.....	20.3
Iron—Merchants Bar.....	30.8
Iron—Staybolt.....	14.4
Journal Boxes.....	16.4
Lumber—White Oak.....	9.4
Lumber—Yellow Pine.....	28.0
Nails—Common Wire.....	8.7
Nuts—Hot Pressed.....	31.0
Paint—Freight Car.....	10.5
Pipe—Merchants Black Steel.....	14.9
Rivets.....	17.7

Roofing—Galvanized Car.....	7.2
Springs—Elliptical.....	2.2
Springs—Helical.....	4.1
Steel—Fire Box Sheet.....	53.0
Steel—Tank Sheet.....	41.0
Tires—Locomotive Driving.....	7.2
Tools—Shop.....	13.9*
Upholstering Material.....	12.4
Waste—Cotton Colored, No. 1.....	40.8
Wheels—Cast.....	....

(*) Decrease.

CONDITION OF EQUIPMENT.

The programme for the rehabilitation of freight car equipment mentioned in the last two annual reports was carried forward. During the year 1,459 cars were put into good condition, while 175 were dismantled and their value was written out of the property account.

MILES OF RAILROAD.

The track mileage of your Company at the end of the year was as below stated:

MAIN LINE:			
Kansas City, Mo., to Belt Junction, Mo.....	12.01		
Grandview, Mo., to Port Arthur, Tex.....	765.05	777.06 miles	
SECOND TRACK:			
Between Second and Wyandotte Streets, Kansas City, Mo., and Air Line Junction, Mo.	5.41		
Pittsburg Yards.....	1.32		
Between DeQueen, Ark., and Neal Springs, Ark.....	8.45	15.18 "	
BRANCHES:			
Spiro, Okla., to Fort Smith, Ark.....	16.44		
Jenson, Ark., to Bonanza Mine.....	2.83		
Lockport Junction, La., to Lockport, La.....	4.03		
DeQuincy, La., to Lake Charles, La.....	22.59		
Asbury, Mo., to Lawton, Kans.....	5.16	51.05 "	
YARD, TERMINAL AND SIDE TRACKS:			
North of Belt Junction, Mo., and in and about Kansas City.....	86.37		
All other Yard, Terminal and Side Tracks.....	368.72	455.09 "	
Total owned or controlled.....		1,298.38 miles	
OPERATED UNDER TRACKAGE RIGHTS:			
Tracks of the St. Louis-San Francisco Railway Co., between Belt Junction, Mo., and Grandview, Mo., used under contract:			
Main Line.....	10.96		
Side Tracks.....	2.33		
Tracks of the Kansas City Terminal Railway Co., between Union Station at Kansas City, Mo., and Sheffield, Mo., used under joint contract:			
First Main Track.....	5.31		
Second Main Track.....	5.11		
Tracks of the Missouri Pacific Railroad Co., between Troost Avenue and Santa Fe Street, Kansas City, Mo., used under contract.....	1.55	25.26 "	
Total in System.....		1,323.64 miles	

MILEAGE BY STATES.

STATE	OWNED BY THE K. C. S. RY. CO. AND SUBSIDIARY COMPANIES				UNDER TRACKAGE RIGHTS	TOTAL MILEAGE
	Main Line	Second Main Track	Branches	Yard Track and Sidings		
Missouri.....	174.58	5.41	3.29	125.40	25.26	333.94
Kansas.....	18.38	1.32	1.87	55.53	.....	77.10
Arkansas.....	152.92	8.45	4.23	53.73	.....	219.33
Oklahoma.....	127.64	.....	15.04	52.31	.....	194.99
Louisiana.....	222.46	.....	26.62	94.58	.....	343.66
Texas.....	81.08	.....	.....	73.54	.....	154.62
Totals.....	777.06	15.18	51.05	455.09	25.26	1,323.64

The total track mileage of the system was increased from 1,303.32 to 1,323.64, making a net change of 20.32 miles, which consists of the following item:

ADDITIONS:

Yard, Terminal and Side Tracks (net)..... 20.32 miles

EQUIPMENT.

The Rolling Equipment owned or otherwise controlled on December 31, 1923, consisted of:

	Owned	Under Trust	Total
LOCOMOTIVES:			
Passenger.....	20	3	23
Freight.....	110	15	125
Switching.....	29	5	34
Totals.....	159	23	182
PASSENGER-TRAIN CARS:			
Coaches.....	29	....	29
Chair Cars.....	25	....	25
Coach and Baggage.....	2	....	2
Coach and Mail.....	1	....	1
Baggage.....	17	....	17
Baggage, Coach and Mail.....	1	....	1
Express and Mail.....	10	....	10
Totals.....	85	....	85
FREIGHT-TRAIN CARS:			
<i>In Commercial Service:</i>			
Box Cars.....	1,651	101	1,752
Furniture.....	204	94	298
Stock.....	265	....	265
Tank.....	223	....	223
Coal.....	98	1,189	1,287
Flat.....	135	197	332
Vinegar Tank.....	....	2	2
Totals.....	2,576	1,583	4,159

In Work Service:

Box Cars	287	....	287
Coal	1	....	1
Flat	76	76
Ballast	42	42
Convertible Coal and Ballast	192	192

Totals	598	598
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Cabooses	76	76
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WORK EQUIPMENT:

Business Cars	4	4
Wrecker Bunk	1	1
Outfit Coaches	8	8
Derricks	14	14
Slope Levelers	2	2
Ditchers	2	2
Pile Drivers	2	2
Lidgerwoods	3	3

Totals	36	36
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In addition to this railroad property, its rights of way, real estate, buildings, equipment and appurtenances, the Company controls, by virtue of its ownership of securities, all the property of the following corporations, viz.:

THE ARKANSAS WESTERN RAILWAY COMPANY.

A standard-gauge line from Heavener, Oklahoma, to Waldron, Arkansas, 32.33 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock and bonds.

THE POTEAU VALLEY RAILROAD COMPANY.

A standard-gauge line from Shady Point, Oklahoma, to Calhoun, Oklahoma, 6.67 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY.

Union depot property at Shreveport, Louisiana, including its real estate, buildings and 1.66 mile of yard and terminal track; controlled by your Company through ownership of all the capital stock and \$24,000.00 face amount of bonds.

PORT ARTHUR CANAL AND DOCK COMPANY.

Lands, slips, docks, wharves, warehouses, one grain elevator (capacity 500,000 bushels), etc., all at Port Arthur, Texas; controlled by your Company through ownership of all the capital stock.

Under an agreement entered into as of February 1, 1923, all of the property of the Port Arthur Canal and Dock Company is leased to the Texarkana and Fort Smith Railway Company, and operated directly by the Railway Company pursuant to the terms of the lease.

The stockholders of the Canal and Dock Company, at a meeting held October 4, 1923, approved a First Mortgage, dated as of February 1, 1923, to The National City Bank of New

York as Trustee, to secure an authorized issue of bonds in the aggregate amount of \$5,000,000.00.

Concurrently with the execution of that indenture, the First Mortgage and Deed of Trust dated August 1, 1906, was redeemed and cancelled of record.

A principal amount of \$2,000,000.00 of First Mortgage 6 Per Cent. Gold Bonds, Series A, dated February 1, 1923, and due February 1, 1953, was thereafter issued and sold. Of the proceeds, \$1,000,000.00 was required to redeem the First Mortgage 5 Per Cent. Gold Bond of that amount, due August 1, 1956, and \$480,000.00 was deposited with the Trustee to defray the cost of providing enlarged facilities for the elevation of grain at Port Arthur. The remainder will be available for corporate purposes generally, including the reimbursement of advances by the parent Company for additions and betterments previously made.

THE K. C. S. ELEVATOR COMPANY.

One grain elevator, of capacity 1,070,000 bushels, situated at Kansas City, Missouri; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

ADDITIONS AND BETTERMENTS.

Net expenditures were made for Additions and Betterments to road and equipment in the amounts following:

For Road.....	\$1,129,232.45	
For Equipment.....	2,373,932.58	\$3,503,165.03

A classified schedule of such expenditures is presented in the statistical section of this report.

The bridges, trestles and culverts of your road were improved by reducing the length of trestles from 64,092 feet to 63,876 feet; increasing the number of cast iron pipe culverts from 609 to 611, and by increasing the number of concrete pipe culverts from 164 to 177. A table showing the progressive improvements made in bridges and culverts from June 30, 1900, to December 31, 1923, appears in the statistical section.

The ballasting was reinforced in various locations at a cost of \$95,350.05. The condition of your main line with respect to ballast at the end of the year is shown by the succeeding tabulation:

Section of 6 inches or more under ties.....	697.76 miles
Section of less than 6 inches under ties.....	79.30 "
Total main line mileage owned.....	777.06 miles

New 85-pound rail was laid in your main line between Mile Posts 315 and 317 to replace 80-pound steel, 1.29 mile. In addition, second-hand 85-pound rail was laid in the Fort Smith Branch in substitution for 60-pound steel, 14.85 miles. The weights of rail in your main line at the end of the year, including adjustments and corrections for measurements, are shown by the tabulation below:

Rail weighing 85 pounds per yard.....	740.86 miles
Rail weighing 80 pounds per yard.....	32.65 "
Rail weighing less than 80 pounds per yard.....	3.55 "
Total main line mileage owned.....	777.06 miles

Work was continued upon the schedule for the reinforcement of track through the application of tie plates, with a view to stability, permanence and economy of maintenance. The sum expended for this purpose was \$65,721.43.

New station buildings, required by public authority or made necessary by the demands of traffic, have been erected at the following locations. The expenditures for these facilities were as below stated:

	Prior to 1923	1923	Total
Neosho, Mo.....	\$23,519.56	\$ 4,740.58	\$28,260.14
Noel, Mo.....	13,646.96	7,750.42	21,397.38
DeQuincy, La.....		45,119.14	45,119.14
Totals.....	<u>\$37,166.52</u>	<u>\$57,610.14</u>	<u>\$94,776.66</u>

Other principal items of additions to and betterments of your property, together with the amounts expended therefor, are as follows:

	Prior to 1923	1923	Total
Shop improvements at Pittsburg, Kas.			
Land for enlarged facilities.....	\$ 32,115.24	\$ 10,621.88	\$ 42,737.12
Improvements to power plant, including new 350 H. P. boiler, coal pulverizing equipment, 500 K. W. generator, air compress- or, foundations, etc.....	85,013.92	53,649.24	138,663.16
Extension to machine shop.....	9,779.65	139,738.89	149,518.54
Extension to blacksmith shop.....	4,760.44	55,771.44	60,531.88
Extension to enginehouse.....		38,219.23	38,219.23
New machinery and tools.....	943.29	35,849.58	36,792.87
New buildings for Bridges and Buildings and Road Departments	1,317.96	2,881.78	4,199.74
Additional tracks in shop yards.....	1,774.49	12,988.48	14,762.97
Sewers.....	139.25	23,659.81	23,799.06
Shop improvements at Shreveport, La.			
Deep wells, air pump, pipe line, etc., to provide adequate water supply.....	17,378.44	7,213.71	24,592.15
Private automatic telephone system.....	138.79	4,816.06	4,954.85
New or improved fuel oil stations.			
East Kansas City, Mo.....		11,300.82	11,300.82
Amsterdam, Mo.....		13,777.61	13,777.61
Pittsburg, Kas.....		11,445.10	11,445.10
Lanagan, Mo.....		6,987.45	6,987.45
Watts, Okla.....		4,249.52	4,249.52
Sallisaw, Okla.....		11,829.98	11,829.98
Heavener, Okla.....		8,609.54	8,609.54
Mena, Ark.....		6,718.55	6,718.55
Extension of Asbury-Lawton Branch 8.8 miles, including 2 passing tracks, to connect with K., O. & G. Ry. at Military, Kas., and reach lead and zinc districts.....	3,170.05	149,079.71	152,249.76
New bridge over Arkansas River of Cooper E-60 loading to replace structure of Cooper E-31 loading.....	54,866.30	199,281.39	254,147.69
Plant at Pittsburg, Kas., for sawing off ends and making worn rails suitable for relaying.....	4,195.28	9,681.89	13,877.17
Land for proposed shop facilities and transportation yard at Dowling, located between Beaumont and Port Arthur, Tex.....		31,438.51	31,438.51
Extensions to 54 passing tracks and construction of 2 new ones.....		242,575.59	242,575.59
Totals.....	<u>\$215,593.10</u>	<u>\$1,092,385.76</u>	<u>\$1,307,978.86</u>

The expenditures for additions and betterments include the cost of a number of new sidings to serve industries not heretofore reached by your tracks and to accommodate new industries in process of establishment.

The following is a list of such industry tracks, some of which have been completed, and others are in the course of construction:

NEW TRACKS TO SERVE NEW INDUSTRIES.

COMPLETED:

Curts-Folse Laboratories.....	Kansas City, Kas.
J. F. Butler.....	Kansas City, Mo.
Kansas City Cold Storage & Warehouse Co.....	Kansas City, Mo.
Sheridan Coal Co.....	Fuller, Kas.
Fred North.....	Neosho, Mo.
Newton County Live Stock & Warehouse Association.....	Neosho, Mo.
Neosho Transfer & Storage Co.....	Neosho, Mo.
A. A. Davis & Co. (Gravel Pit).....	Spiro, Okla.
Mechanics Lumber Co.....	Fort Smith, Ark.
Buschow Lumber Co.....	Mile 358.
M. A. Farr.....	Mena, Ark.
Patterson Orchard Co.....	Horatio, Ark.
Wilson-Gilbert Hardwood Lumber Co.....	Watson, Tex.
Standard Builders Supply Co.....	Shreveport, La.
Empire Steel Construction Co.....	Cedar Grove, La.
Ferd Brenner Lumber Co.....	Mile 632.
Long-Bell Lumber Co.....	Mile 700.
Peavy-Byrnes Lumber Co.....	Mile 738.
Orange County (Gravel Track).....	Hartsburg, Tex.
Humphreys Pure Oil Co.....	Smith's Bluff, Tex.
Atlantic Oil Producing Co.....	Atreco, Tex.

UNCOMPLETED:

Ralston Purina Co.....	Kansas City, Mo.
Pine Mountain Coal Co.....	Heavener, Okla.

NEW TRACKS TO SERVE EXISTING INDUSTRIES.

COMPLETED:

Chase Bag Co.....	Kansas City, Mo.
American Asphalt Roof Corporation.....	Kansas City, Mo.
Kansas City Bridge Co.....	Kansas City, Mo.
Buschow Lumber Co.....	Stapp, Okla.
Louisiana Oil Refining Corporation.....	Gas Center, La.
The Texas Co.....	Port Arthur, Tex.
Gulf Refining Co.....	Port Arthur, Tex.

In addition to the foregoing, these new industries have located on existing tracks of the Company:

Central Poultry & Packing Co.....	Kansas City, Mo.
Dobson Woodenware Co.....	Kansas City, Mo.
Dunkirk Coal & Mining Co.....	Mulberry, Mo.
Republic Coal Co.....	Fuller, Kas.
Poteau Furniture Co.....	Poteau, Okla.
John and H. Kirschner.....	Waldron, Ark.
Buschow Lumber Co.....	Fogel, Okla.
Duncan Lumber Co.....	Eagleton, Ark.
H. Wann Heading Co.....	Mena, Ark.
Johnson Furniture Co.....	Shreveport, La.
Dutherford & Hall Lumber Co.....	Cedar Grove, La.
Chas. R. Law.....	Mansfield, La.
Zwolle Lumber Co.....	Zwolle, La.
Wm. Bolton Lumber Co.....	Singer, La.
Lake Charles Bag Co.....	Lake Charles, La.
Certain-teed Products Co.....	Beaumont, Tex.
City Ice, Coal & Grain Co.....	Nederland, Tex.
Gordon-Sewell Co.....	Port Arthur, Tex.
T. S. Reed Grocery Co.....	Port Arthur, Tex.

The following new industries, included in the above list, are worthy of special mention:

RALSTON PURINA COMPANY, KANSAS CITY, MISSOURI.

The Purina Company early in 1923 purchased a six-acre tract of property in the East Bottoms in the vicinity of Rochester and Scott Avenues. The building programme, which is now being carried forward, includes a three-story grinding plant 40x100 feet, together with two large storage barns connected by electrically propelled carrier belts; a six-story mill building 62x100 feet; an elevator 170 feet high, with sub-basements, total capacity 200,000 bushels; two molasses storage tanks 35 feet high, 30 feet in diameter, capacity of each tank 230,000 gallons; a two-story office building, and an electric transformer station and heating plant. A very complete system of tracks has been planned and is partly constructed. There will be four tracks into the property, three of which will be equipped with track scales.

These people have had in mind establishing a plant at Kansas City for the past five or six years, and the location was selected after a most careful survey of all possible sites—and means a very substantial industry. The construction work has been carried forward and the entire plant should be in operation some time in the early part of 1924.

HUMPHREYS PURE OIL COMPANY, SMITH'S BLUFF, TEXAS.

The Humphreys Company purchased in 1922 approximately 550 acres of property lying between Sun and Port Neches. On this property the company erected a number of oil storage tanks, and in 1923 the construction of a refinery was commenced. Approximately 3.5 miles of track were built for the industry, and construction of the refinery was carried forward. The initial run of 5,500 barrels of gas oil was made January 5, 1924, when 4 stills were put into operation. When the plant is completed, which will be some time soon, the daily capacity will be between 10,000 and 12,000 barrels of refined oil. The completed plant will consist of 26 cross stills, 8 benzine stills and 4 Foster tube stills.

ATLANTIC OIL PRODUCING COMPANY, ATRECO, TEXAS.

The Atlantic Company purchased in January, 1923, approximately 500 acres of land located between Port Neches and Port Arthur. Your Company installed 1.5 mile of track to serve the property; and the industry constructed tank car unloading facilities and a pipe line from the oil racks to the Neches River, where it installed docks for handling oil by vessels. The movement of oil by tank cars into the plant was very heavy at times during the past year, averaging during some periods as high as 200 cars per day.

Improvements to existing equipment, made at a cost of \$76,008.29, consisted mainly in the following:

Locomotives—Application of superheaters, Universal valve chests, Walschaert valve gears, flange lubricators, cross compound air pumps, pilot beams, arch tubes and brick arches, and converting locomotives from coal to oil burners.

Freight-train Cars—Application of metal draft arms, spring type draft gears, metal carlines, Mogul car end reinforcements, heavier side stakes and sill straps, flexible roofs, steel end doors, and K-1 type triple valves.

Passenger-train Cars—Application of steel underframes, rolled steel wheels, reinforced steel ends, wide vestibules and miscellaneous safety devices.

Work Cars—Application of heavier body bolsters, metal draft arms, and spring type draft gears to ballast cars.

REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

There was no change in the situation with respect to the Refunding and Improvement Mortgage Bonds authorized by the stockholders June 29, 1909. The status in that regard at the end of the year was as follows:

Total authorized issue.....	\$21,000,000.00
Issued and sold.....	18,000,000.00
Unissued December 31, 1923.....	<u>\$ 3,000,000.00</u>

EQUIPMENT TRUSTS.

In order to provide additional equipment necessary to handle the business of your Company efficiently and economically, Equipment Trust Agreement and Lease, Series E, was entered into as of September 1, 1923, with the Bank of North America and Trust Company, of Phila-

delphia, Pennsylvania, as Trustee, and John Sorenson, as Vendor. By the terms of that agreement your Company made a cash payment of \$541,000.00; caused trust certificates to be issued in an aggregate principal amount of \$1,620,000.00, bearing dividends at the rate of 5½ per cent. per annum and maturing in 15 equal annual instalments; and will acquire the equipment mentioned below at the estimated cost stated:

500 Single Sheathed Steel Frame Box Cars of 136,000 pounds load limit capacity	\$1,250,000.00	
10 Mallet type Freight Locomotives of 110,415 pounds tractive power, compound	911,000.00	\$2,161,000.00

The aggregate face amount of Equipment Trust Notes and Certificates outstanding December 31, 1923, was as below set forth:

Series "D", dated December 15, 1912.		
Balance last reported	\$248,000.00	
Paid during the year	124,000.00	\$ 124,000.00
Trust No. 34, dated January 15, 1920.		
Balance last reported	\$826,800.00	
Paid during the year	63,600.00	763,200.00
Series "E", dated September 1, 1923.		1,620,000.00
Total		<u>\$2,507,200.00</u>

DEPRECIATION RESERVE FUND.

Moneys equaling the amount of charges to operating expenses representing the so-called depreciation of equipment, and for the amortization of equipment retired and of property abandoned in connection with improvements, together with proceeds from the sale of obsolete equipment, are deposited in a special fund set aside for additions to and betterments of your property. The total amount so deposited, and withdrawals therefrom, are shown by the statement following:

DEPOSITS.

Charges for Depreciation of Equipment:		
From June 1, 1916, to December 31, 1917	\$215,923.27	
From January 1, 1918, to February 29, 1920	363,196.93	
From March 1, 1920, to December 31, 1922	629,636.76	
From January 1, 1923, to December 31, 1923	236,038.48	\$1,444,795.44
Charges for Amortization of Retired Equipment:		
From January 1, 1918, to February 29, 1920	\$371,965.45	
From March 1, 1920, to December 31, 1922	139,209.70	
From January 1, 1923, to December 31, 1923	110,778.60	621,953.75
Charges for Amortization of Abandoned Property:		
From January 1, 1918, to February 29, 1920	\$195,464.27	
From March 1, 1920, to December 31, 1922	254,981.30	
From January 1, 1923, to December 31, 1923	89,993.40	540,438.97
Proceeds from Sale of Obsolete Equipment:		
From June 1, 1916, to December 31, 1917	\$165,926.00	
From January 1, 1918, to February 29, 1920	120,585.29	286,511.29
Interest on Bank Balances and Loans from Fund:		
From June 1, 1916, to December 31, 1922	\$ 15,471.01	
From January 1, 1923, to December 31, 1923	11,309.69	26,780.70
Total		<u>\$2,920,480.15</u>

WITHDRAWALS.

Payments for New Equipment:

From June 1, 1916, to December 31, 1922.....	\$391,530.60	
From January 1, 1923, to December 31, 1923.....	265,000.00	\$656,530.60

Improvements to Existing Equipment:

From June 1, 1916, to December 31, 1922.....	\$422,836.67	
From January 1, 1923, to December 31, 1923.....	271,009.60	693,846.27

Shop Improvements:

From January 1, 1922, to December 31, 1922.....	\$103,822.11	
From January 1, 1923, to December 31, 1923.....	376,056.39	479,878.50

Balance December 31, 1923.....			<u>\$1,090,224.78</u>
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The foregoing statement includes deposits aggregating \$1,051,211.94, representing charges accrued from January 1, 1918, to February 29, 1920, which amount was received from the Director General of Railroads in the settlement on account of Federal control, subsequently mentioned in this report.

GROUP INSURANCE.

Effective May 8, 1923, an agreement was entered into with the Metropolitan Life Insurance Company, providing for a plan of group insurance affording comprehensive protection to employees of your Company against certain major hazards of life. For the purposes of this scheme, the employees were divided as follows:

- Class 1. Those earning less than \$2,000.00 per annum.
- Class 2. Those earning from \$2,000.00 to \$3,000.00 per annum.
- Class 3. Those earning \$3,000.00 or more per annum.

Employees who were eligible on that date were insured as stated below:

	Class 1	Class 2	Class 3
A. Life insurance.....	\$1,000.00	\$2,000.00	\$3,000.00
B. Total and permanent disability benefits (payable in monthly instalments).....	1,000.00	2,000.00	3,000.00

For the first month your Company assumed the entire cost of the protection. Thereafter the above-mentioned insurance (A and B) was continued, and additional insurance (C, D and E below) was offered, but only in the case of employees who signified their willingness to participate in the payment of premiums to the extent here stated:

	Class 1	Class 2	Class 3
C. Accidental death and dismemberment insurance.....	\$1,000.00	\$2,000.00	\$3,000.00
D. Health benefits (weekly).....	10.00	15.00	15.00
E. Nonoccupational accident benefits (weekly).....	10.00	15.00	15.00
Total monthly cost (A-E) per employee.....	<u>\$ 1.50</u>	<u>\$ 2.67</u>	<u>\$ 3.42</u>

The remainder of the premiums is paid by the Company, the estimated cost to it being \$30,000.00 per annum.

Employees become eligible under the plan as soon as they have attained a service record of six consecutive months.

On December 31, 1923, 3,481 employees had taken advantage of the offer to obtain cheap insurance, and the life policies in force at that date aggregate \$4,481,000.00.

FEDERAL CONTROL.

The Federal-control claim of your Company and subsidiaries concerned was liquidated November 14, 1923, by agreement with the United States Railroad Administration. The combined standard return computed by the Interstate Commerce Commission was \$3,002,508.65. This was increased by negotiation to \$3,800,000.00. The sum of \$1,500,000.00 was agreed upon as the balance due the companies on final settlement, and that amount was subsequently paid by the Director General of Railroads.

Specified accounts were thereby affected in the manner and to the extent below set forth:

INCOME ACCOUNT.

Nonoperating Income:	
Income from Lease of Road.....	\$ 890,510.80
Deductions from Gross Income:	
Interest on Unfunded Debt—Credit.....	125,290.32
Total Credit.....	<u>\$1,015,801.12</u>

PROFIT AND LOSS ACCOUNT.

Miscellaneous Credits.....	\$1,205,454.14
Miscellaneous Debits.....	7,057.23
Net Credit.....	<u>\$1,198,396.91</u>

GUARANTY PERIOD.

After settlement was made of the Company's Federal-control claim in November, 1923, the matter of effecting an adjustment of its Guaranty-period claim before the end of the year, was also taken up. It developed, however, that the Government's representatives, on account of their other engagements and the length of time required in making a check of the Company's accounts, would not be able to accomplish their end of the audit in time. Moreover, some of the allowances and adjustments made in the accounts consequent upon the settlement of the Federal-control claim, affected the Guaranty-period claim. The necessary adjustments are being made in the Guaranty-period claim, and it should be liquidated during the present year.

FEDERAL VALUATION.

The Interstate Commerce Commission has not yet decided the protest of your Company against the tentative final valuation. Some further steps are being taken by the Commission, apparently with a view to ascertaining a current value of your property, since the tentative valuation was made as of June 30, 1914.

COST OF FEDERAL VALUATION.

	Prior to 1923	1923	Total
Field work.....	\$ 68,824.72	.....	\$ 68,824.72
Valuation orders, Interstate Commerce Commission.....	49,985.55	\$ 12,689.76	62,675.31
Contributions to Presidents' Conference Committee.....	2,526.87	870.72	3,397.59
Appraisal of real estate.....	22,024.88	135.00	22,159.88
General and Miscellaneous.....	241,688.55	9,208.08	250,896.63
Totals.....	<u>\$385,050.57</u>	<u>\$22,903.56</u>	<u>\$407,954.13</u>

RECAPTURE OF INCOME.

In the case of *Dayton-Goose Creek Co. v. The United States, et al.*, decided by the Supreme Court of the United States on January 7, 1924, sections 15 and 15a of the Interstate Commerce Act as amended by the Transportation Act, 1920, providing for the recovery by the United States of one-half of the so-called excess income over a fair return, then fixed at 6 per cent., were held to be constitutional. It is the contention of your Company that it has not in any year earned in excess of 6 per cent. upon the true value of its property. It is perhaps unnecessary to state that the management will employ such measures as are adapted fully to protect the interests of stockholders and creditors in the premises.

CONSOLIDATION OF RAILROADS.

As stated in the Twenty-third Annual Report, hearings were held by the Interstate Commerce Commission on the tentative plan of consolidation, which is outlined therein so far as it affects your Company, but the Commission has not yet announced a decision.

The appended balance sheets and statistical statements give full detailed information concerning expenditures for improvements, and the results of operation.

A report, including balance sheet, income account and other pertinent matter, in form prescribed by the Interstate Commerce Commission, has been filed with that body at Washington.

By order of the Board of Directors.

J. A. EDSON,
President.

ACCOUNTS AND STATISTICS

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THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1923

Table No. 1

ASSETS	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$107,323,615.03	\$103,820,450.00	\$3,503,165.03	
Deposits in lieu of Mortgaged Property sold.....	1,055,260.41	48,533.04	1,006,727.37	
Miscellaneous Physical Property.....	796,174.37	727,118.90	69,055.47	
Investments in Affiliated Companies:				
Stocks.....	2,016,205.90	1,822,916.53	193,289.37	
Bonds.....	115,687.50	2,794,844.27		\$2,679,156.77
Notes.....	27.00	18,563.90		18,536.90
Advances.....	2,100,859.17	2,189,636.23		88,777.06
Other Investments:				
Stocks.....	97.00	851.82		754.82
Notes.....	230.27	25,580.20		25,349.93
Miscellaneous.....	2,001.00	36,647.58		34,646.58
Total Investments.....	\$113,410,157.65	\$111,485,142.47	\$1,925,015.18	
CURRENT ASSETS.				
Cash.....	\$ 2,034,912.53	\$ 3,047,990.76		\$1,013,078.23
Special Deposits.....	1,594,266.78	1,005,421.66	\$ 588,845.12	
Loans and Bills receivable.....	11,949.00	12,248.20		299.20
Traffic and Car-service Balances receivable.....	665,470.98	678,429.72		12,958.74
Net Balance receivable from Agents and Conductors.....	157,906.69	125,225.85	32,680.84	
Miscellaneous Accounts receivable.....	706,578.72	637,844.73	68,733.99	
Material and Supplies.....	2,302,714.69	2,132,597.72	170,116.97	
Interest and Dividends receivable.....	4,942.40	9,721.38		4,778.98
Other Current Assets.....	822,459.76	535,278.66	287,181.10	
Total Current Assets.....	\$ 8,301,201.55	\$ 8,184,758.68	\$ 116,442.87	
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 12,438.13	\$ 13,235.21		\$ 797.08
Other Deferred Assets:				
U. S. Government accounts.....		5,771,177.65		5,771,177.65
Other accounts.....	67,290.27	37,362.40	\$ 29,927.87	
Total Deferred Assets.....	\$ 79,728.40	\$ 5,821,775.26		\$5,742,046.86
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 13,450.38	\$ 68,440.90		\$ 54,990.52
Discount on Funded Debt.....	2,000.00		\$ 2,000.00	
Property Abandoned chargeable to Operating Expenses.....	179,986.80	269,980.20		89,993.40
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return.....		3,237,876.16		3,237,876.16
U. S. Government—Income Guaranty.....	613,105.42	613,105.42		
U. S. Government—Interest on Additions and Betterments.....		109,212.69		109,212.69
Other accounts.....	447,889.81	502,292.43		54,402.62
Total Unadjusted Debits.....	\$ 1,256,432.41	\$ 4,800,907.80		\$3,544,475.39
Grand Totals.....	\$123,047,520.01	\$130,292,584.21		\$7,245,064.20

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative General Balance Sheet, December 31, 1923

Table No. 1

LIABILITIES	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 511.70	\$ 511.70		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	18,000,000.00		
Equipment Trust Series "D", 5 Per Cent. Gold Notes.....	124,000.00	248,000.00		\$ 124,000.00
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....	763,200.00	826,800.00		63,600.00
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates.....	1,620,000.00		\$1,620,000.00	
Miscellaneous Funded Debt.....	33,705.40	47,440.10		13,734.70
Total Long-term Debt.....	\$ 50,540,905.40	\$ 49,122,240.10	\$1,418,665.30	
CURRENT LIABILITIES.				
Loans and Bills payable:				
U. S. Government.....		\$ 550,000.00		\$ 550,000.00
Traffic and Car-service Balances payable.....	\$ 653,547.07	838,589.68		185,042.61
Audited Accounts and Wages payable.....	1,852,020.73	1,784,372.66	\$ 67,648.07	
Miscellaneous Accounts payable.....	12,377.25	6,380.49	5,996.76	
Interest Matured unpaid.....	492,693.00	497,605.00		4,912.00
Dividends Matured unpaid.....	7,349.00	4,858.00	2,491.00	
Funded Debt Matured unpaid.....	4,000.00		4,000.00	
Unmatured Dividends declared.....	210,000.00	210,000.00		
Unmatured Interest accrued.....	276,130.98	373,744.02		97,613.04
Unmatured Rents accrued.....	44,169.20	9,747.65	34,421.55	
Other Current Liabilities.....	93,549.51	149,738.83		56,189.32
Total Current Liabilities.....	\$ 3,645,836.74	\$ 4,425,036.33		\$ 779,199.59
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....		\$ 9,117,633.69		\$9,117,633.69
Other accounts.....	\$ 436,968.15	400,856.68	\$ 36,111.47	
Total Deferred Liabilities.....	\$ 436,968.15	\$ 9,518,490.37		\$9,081,522.22
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,046,724.51	\$ 816,543.87	\$ 230,180.64	
Accrued Depreciation—Equipment.....	1,355,649.27	1,164,088.20	191,561.07	
Other Unadjusted Credits.....	697,755.82	1,154,914.17		\$ 457,158.35
Total Unadjusted Credits.....	\$ 3,100,129.60	\$ 3,135,546.24		\$ 35,416.64
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus..	\$ 371,834.11	\$ 347,789.25	\$ 24,044.86	
Appropriated Surplus not specifically invested.....	651,631.56	921,520.47		\$ 269,888.91
Profit and Loss credit balance.....	13,339,802.75	11,861,549.75	1,478,253.00	
Total Corporate Surplus.....	\$ 14,363,268.42	\$ 13,130,859.47	\$1,232,408.95	
Grand Totals.....	\$123,047,520.01	\$130,292,584.21		\$7,245,064.20

NOTE.—The Company is guarantor by endorsement of First Mortgage 6 Per Cent. Gold Bonds, Series A, of the Port Arthur Canal and Dock Company, a subsidiary corporation, in the face amount of \$2,000,000.00.

The above Balance Sheet as at December 31, 1923, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, March 14, 1924.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Financial Changes for the Year Ended December 31, 1923

Table No. 2

ORIGIN OF RESOURCES			
DECREASE OF ASSETS.			
INVESTMENTS:			
Investments in Affiliated Companies.			
Bonds.....	\$2,679,156.77		
Notes.....	18,536.90		
Advances.....	88,777.06	\$2,786,470.73	
Other Investments.			
Stocks.....	\$ 754.82		
Notes.....	25,349.93		
Miscellaneous.....	34,646.58	60,751.33	\$ 2,847,222.06
CURRENT ASSETS:			
Cash.....		\$1,013,078.23	
Loans and Bills receivable.....		299.20	
Traffic and Car-service Balances receivable.....		12,958.74	
Interest and Dividends receivable.....		4,778.98	1,031,115.15
DEFERRED ASSETS:			
Working Fund Advances.....		\$ 797.08	
Other Deferred Assets.			
U. S. Government accounts.....		5,771,177.65	5,771,974.73
UNADJUSTED DEBITS:			
Rents and Insurance Premiums paid in advance.....		\$ 54,990.52	
Property Abandoned chargeable to Operating Expenses.....		89,993.40	
Other Unadjusted Debits.			
U. S. Government accounts.....	\$3,347,088.85		
Other accounts.....	54,402.62	3,401,491.47	3,546,475.39
Total Decrease of Assets.....			\$13,196,787.33
INCREASE OF LIABILITIES.			
LONG-TERM DEBT:			
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates.....			\$ 1,620,000.00
CURRENT LIABILITIES:			
Audited Accounts and Wages payable.....		\$ 67,648.07	
Miscellaneous Accounts payable.....		5,996.78	
Dividends Matured unpaid.....		2,491.00	
Funded Debt Matured unpaid.....		4,000.00	
Unmatured Rents accrued.....		34,421.55	114,557.38
DEFERRED LIABILITIES:			
Other Deferred Liabilities.			
Other accounts.....			36,111.47
UNADJUSTED CREDITS:			
Tax Liability.....		\$ 230,180.64	
Accrued Depreciation—Equipment.....		191,561.07	421,741.71
Total Increase of Liabilities.....			\$ 2,192,410.56
INCREASE OF CORPORATE SURPLUS.			
Additions to Property through Income and Surplus.....		\$ 24,044.86	
Profit and Loss credit balance.....		1,478,253.00	\$ 1,502,297.86
Grand Total.....			\$16,891,495.75

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Financial Changes for the Year Ended December 31, 1923

Table No. 2

APPLICATION OF RESOURCES		
INCREASE OF ASSETS.		
INVESTMENTS:		
Investment in Road and Equipment	\$3,503,165.03	
Deposits in lieu of Mortgaged Property sold	1,006,727.37	
Miscellaneous Physical Property	69,055.47	
Investments in Affiliated Companies.		
Stocks	193,289.37	\$ 4,772,237.24
CURRENT ASSETS:		
Special Deposits	\$ 588,845.12	
Net Balance receivable from Agents and Conductors	32,680.84	
Miscellaneous Accounts receivable	68,733.99	
Material and Supplies	170,116.97	
Other Current Assets	287,181.10	1,147,558.02
DEFERRED ASSETS:		
Other Deferred Assets.		
Other Accounts		29,927.87
UNADJUSTED DEBITS:		
Discount on Funded Debt		2,000.00
Total Increase of Assets		\$ 5,951,723.13
DECREASE OF LIABILITIES.		
LONG-TERM DEBT:		
Equipment Trust Series "D", 5 Per Cent. Gold Notes	\$ 124,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes	63,600.00	
Miscellaneous Funded Debt	13,734.70	\$ 201,334.70
CURRENT LIABILITIES:		
Loans and Bills payable.		
U. S. Government	\$ 550,000.00	
Traffic and Car-service Balances payable	185,042.61	
Interest Matured unpaid	4,912.00	
Unmatured Interest accrued	97,613.04	
Other Current Liabilities	56,189.32	893,756.97
DEFERRED LIABILITIES:		
Other Deferred Liabilities.		
U. S. Government accounts		9,117,633.69
UNADJUSTED CREDITS:		
Other Unadjusted Credits		457,158.35
Total Decrease of Liabilities		\$10,669,883.71
DECREASE OF CORPORATE SURPLUS.		
Appropriated Surplus not specifically invested		\$ 260,888.91
Grand Total		\$16,891,495.75

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY**

Comparative Income Account for the Year Ended December 31, 1923

Table No. 3

	1923	1922
OPERATING INCOME.		
Railway Operating Revenues	\$22,485,099.09	\$20,361,179.59
Railway Operating Expenses	16,708,811.41	15,083,459.81
Net Revenue from Railway Operations	\$ 5,776,287.68	\$ 5,277,719.78
Railway Tax Accruals:		
War Taxes	\$ 438,369.96	\$ 430,297.97
Other Taxes	997,537.49	885,378.22
Uncollectible Railway Revenues	10,310.25	5,523.56
Total Tax Accruals and Uncollectible Revenues	\$ 1,446,217.70	\$ 1,321,199.75
Railway Operating Income	\$ 4,330,069.98	\$ 3,956,520.03
NONOPERATING INCOME.		
Rent from Locomotives	\$ 62,941.92	\$ 52,287.98
Rent from Passenger-train Cars	30,462.31	39,687.87
Rent from Work Equipment	5,745.80	5,553.58
Joint Facility Rent Income	171,018.30	145,171.26
Income from Lease of Road	891,391.76*	1,252.19
Miscellaneous Rent Income	10,144.44	8,428.89
Miscellaneous Nonoperating Physical Property	28,984.85	42,376.67
Dividend Income	2,212.67	
Income from Funded Securities	Dr. 1,543.17	383.25
Income from Unfunded Securities and Accounts	110,388.12	94,899.65
Miscellaneous Income:		
Revenues Prior to January 1, 1918	59.55	7.97
Other Miscellaneous Income	367.85	1,664.82
Total Nonoperating Income	\$ 1,312,174.40	\$ 391,714.13
Gross Income	\$ 5,642,244.38	\$ 4,348,234.16
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 673,293.46	\$ 465,274.17
Rent for Locomotives	30,901.83	27,849.09
Rent for Passenger-train Cars	77,192.47	47,804.65
Rent for Work Equipment	4,057.59	5,143.63
Joint Facility Rents	277,692.16	254,293.75
Rent for Leased Roads	30,637.00	
Miscellaneous Rents	982.80	Cr. 2,592.10
Miscellaneous Tax Accruals	118.98	
Interest on Funded Debt	1,856,527.28	1,864,307.80
Interest on Unfunded Debt	Cr. 103,652.59*	79,027.48
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918	124.23	Cr. .74
Current Charges	20,935.30	20,595.61
Total Deductions from Gross Income	\$ 2,868,810.51	\$ 2,761,703.34
Net Income	\$ 2,773,433.87	\$ 1,586,530.82
DISPOSITION OF NET INCOME.		
Dividend Appropriations of Income:		
Quarterly Dividends on Preferred Stock:		
No. 64, declared March 20, 1923, payable April 16, 1923	\$ 210,000.00	
No. 65, declared June 19, 1923, payable July 16, 1923	210,000.00	
No. 66, declared September 18, 1923, payable October 15, 1923	210,000.00	
No. 67, declared December 18, 1923, payable January 15, 1924	210,000.00	
Total Appropriations of Income	\$ 840,000.00	\$ 840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS	\$ 1,933,433.87	\$ 746,530.82
Profit and Loss Account for the Year Ended December 31, 1923		
	DEBITS	CREDITS
Credit Balance at beginning of year		\$11,861,549.75
Credit Balance transferred from Income		1,933,433.87
Profit on Road and Equipment sold	\$ 417.08	
Unrefundable Overcharges		7,956.80
Donations		24,044.86
Miscellaneous Credits		1,227,947.97*
Surplus Appropriated for Investment in Physical Property	24,044.86	
Debt Discount Extinguished through Surplus	49,043.84	
Miscellaneous Appropriations of Surplus	115,298.94	
Loss on Retired Road and Equipment	8,975.41	
Miscellaneous Debits	1,517,350.37*	
Credit Balance carried to Balance Sheet	13,339,802.75	
Totals	\$15,054,933.25	\$15,054,933.25

*See Explanation on page 17.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Expenditures for Additions and Betterments for the Year Ended December 31, 1923

Table No. 4

	1923	1922	From June 30, 1914, to Date
ROAD:			
Engineering	\$ 3,169.97	\$ 7,871.62	\$ 122,195.35
Land for Transportation Purposes	62,056.03	118,882.26	413,359.98
Grading	215,875.31	74,162.95	893,020.78
Bridges, Trestles and Culverts	160,029.40	108,387.17	839,583.12
Ties	75,455.20	16,766.86	240,741.64
Rails	95,250.63	Cr. 1,321.38	357,151.00
Other Track Material	107,393.53	80,609.92	594,264.15
Ballast	95,350.05	19,427.02	1,193,565.50
Track Laying and Surfacing	Cr. 221,574.33	20,853.07	264,004.94
Right-of-way Fences	1,656.16	Cr. 56.68	80,007.22
Crossings and Signs	12,948.60	5,315.73	127,262.57
Station and Office Buildings	48,201.78	39,379.67	423,044.95
Roadway Buildings	7,242.83	5,721.87	27,329.15
Water Stations	6,726.35	36,529.90	92,618.29
Fuel Stations	55,567.50	821.37	197,933.98
Shops and Enginehouses	201,333.42	21,798.43	287,753.25
Telegraph and Telephone Lines	4,954.22	5,594.77	13,016.38
Signals and Interlockers	3,529.84	12,385.20	32,495.02
Power Plant Buildings			459.53
Power Distribution Systems	1,441.99	119.73	6,305.86
Power Line Poles and Fixtures	230.62		213.12
Paving	4,509.33	2,294.44	21,371.57
Roadway Machines	Cr. 236.25	361.14	9,488.52
Roadway Small Tools	Cr. 1,076.00	926.57	2,589.81
Assessments for Public Improvements	26,495.83	32,263.43	163,442.24
Cost of Road Purchased	18,502.90	47,061.55	673,829.36
Other Expenditures—Road			10,314.81
Shop Machinery	98,296.17	1,964.50	128,157.99
Power Plant Machinery	45,901.37	81,785.98	128,766.55
Total Expenditures for Road	\$1,129,232.45	\$739,907.09	\$ 7,344,286.63
EQUIPMENT:			
Steam Locomotives	\$ 959,278.62	\$ 32,553.35	\$ 1,974,163.87
Freight-train Cars	1,375,320.22	115,405.32	1,963,518.65
Passenger-train Cars	12,206.17	4,446.89	47,722.13
Work Equipment	27,127.57	41,291.13	185,857.44
Miscellaneous Equipment		Cr. 135.00	812.64
Total Expenditures for Equipment	\$2,373,932.58	\$193,561.69	\$ 4,172,074.73
GENERAL EXPENDITURES:			
Law		\$ 910.35	\$ 4,716.17
Interest during Construction		Cr. 36.18	53,311.54
Total General Expenditures		\$ 874.17	\$ 58,027.71
Grand Totals	\$3,503,165.03	\$934,342.95	\$11,574,389.07

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Improvements in Bridges, Trestles and Culverts,
from June 30, 1900, to December 31, 1923

Table No. 5

YEAR	BRIDGES								TRESTLES		CULVERTS		
	STEEL		CONCRETE		WOOD		COMBINATION		WOOD		STONE AND CONCRETE	CAST IRON PIPE	CONCRETE PIPE
	No.	Length	No.	Length	No.	Length	No.	Length	No.	Length	No.	No.	No.
June 30, 1900.....	135	10,283	.....	.....	.....	.....	2	453	882	132,730	16	.....	.....
June 30, 1901.....	162	13,392	.....	.....	.....	.....	1	156	751	120,193	53	25	.....
June 30, 1902*.....	199	17,546	.....	.....	1	.....	5	1,066	699	113,634	79	93	.....
June 30, 1903.....	184	17,323	.....	.....	.....	.....	5	513	691	107,853	337	197	.....
June 30, 1904.....	196	18,837	.....	.....	5	68	4	357	608	99,758	365	220	.....
June 30, 1905.....	231	19,225	.....	.....	3	66	3	213	593	96,377	354	233	.....
June 30, 1906.....	233	19,317	.....	.....	.....	.....	2	166	581	95,707	373	245	.....
June 30, 1907.....	240	19,390	.....	.....	1	18	2	157	470	86,979	433	282	.....
June 30, 1908.....	240	19,390	.....	.....	1	18	1	87	445	77,335	478	428	.....
June 30, 1909.....	245	19,502	.....	.....	1	18	1	87	433	76,218	514	502	.....
June 30, 1910.....	249	20,657	.....	.....	.....	.....	1	87	402	74,310	564	556	5
June 30, 1911.....	253	21,153	.....	.....	.....	.....	1	87	390	73,670	604	569	61
June 30, 1912.....	257	21,708	.....	.....	.....	.....	1	87	384	71,695	615	561	64
June 30, 1913.....	260	21,738	1	105	.....	.....	1	87	324	64,792	634	563	68
June 30, 1914.....	272	21,886	1	105	.....	.....	1	87	321	64,701	636	570	77
June 30, 1915.....	281	22,124	1	105	.....	.....	1	87	315	63,931	665	577	98
June 30, 1916.....	284	22,281	1	105	.....	.....	1	87	316	64,049	671	580	97
December 31, 1916..	284	22,281	1	105	.....	.....	1	87	315	65,893	675	580	98
December 31, 1917..	289	22,762	2	225	.....	.....	1	87	307	64,786	689	592	118
December 31, 1918..	295	22,851	2	225	.....	.....	1	87	306	64,804	696	593	130
December 31, 1919..	304	23,058	2	225	.....	.....	1	87	309	64,356	703	603	134
December 31, 1920..	314	23,203	2	225	.....	.....	1	87	323	64,768	705	606	146
December 31, 1921..	314	23,203	2	225	.....	.....	1	87	325	64,443	706	607	149
December 31, 1922..	314	23,203	2	225	.....	.....	1	87	320	64,092	706	609	164
December 31, 1923..	314	23,173	2	225	.....	.....	1	87	304	63,876	715	611	177

*Kansas City Suburban Belt R. R. was acquired in 1902.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Equipment Serviceable December 31, 1923

Table No. 6

	IN SERVICE DECEMBER 31, 1922			GAINS				LOSSES			TRANSFERRED AS BETWEEN CLASSES		IN SERVICE DECEMBER 31, 1923		
	Owned	Trust Equip- ment	Total	Pur- chased	Re- built	Built	Trust Equip- ment	Sold	Destroyed or Broken Up		From	To	Owned	Trust Equip- ment	Total
									Owned	Trust Equip- ment					
LOCOMOTIVES.															
Passenger.....	24	3	27		3				7				20	3	23
Freight.....	110	15	125										110	15	125
Switching.....	29	5	34										29	5	34
Totals.....	163	23	186		3				7				159	23	182
PASSENGER EQUIPMENT.															
Coaches.....	29		29										29		29
Chair Cars.....	25		25										25		25
Coach and Baggage Cars..	2		2										2		2
Coach and Mail Cars....	1		1										1		1
Baggage Cars.....	17		17										17		17
Baggage, Coach and Mail Cars.....	1		1										1		1
Express and Mail Cars....	10		10		1				1				10		10
Totals.....	85		85		1				1				85		85
FREIGHT EQUIPMENT.															
<i>In Commercial Service:</i>															
Box Cars.....	1,758	100	1,858		172		1		279				1,651	101	1,752
Furniture Cars.....	211	96	307		14				21	2			204	94	298
Stock Cars.....	272		272		8				15				265		265
Tank Cars.....	225		225						2				223		223
Coal Cars.....	102	1,190	1,292		5				9	1			98	1,189	1,287
Flat Cars.....	161	197	358		17				44		1	2*	135	197	332
Vinegar Tank Cars.....		2	2											2	2
Totals.....	2,729	1,585	4,314		216		1		370	3	1	2	2,576	1,583	4,159
Cabooses.....	78		78						2				76		76
<i>In Work Service:</i>															
Box Cars.....	294		294		3				10				287		287
Coal Cars.....	1		1										1		1
Flat Cars.....	82		82						6		1	1	76		76
Ballast Cars.....	40		40	2									42		42
Convertible Coal and Ballast Cars.....	195		195		12				15				192		192
Totals.....	612		612	2	15				31		1	1	598		598
WORK EQUIPMENT.															
Business Cars.....	4		4										4		4
Wrecker Bunk.....	1		1										1		1
Outfit Coaches.....	8		8										8		8
Derrick Cars.....	10		10	1								3†	14		14
Steam Shovels.....	2		2					2							
Slope Levelers.....	2		2										2		2
Ditchers.....	2		2										2		2
Pile Drivers.....	2		2										2		2
Lidgerwoods.....	3		3		1				1				3		3
Totals.....	34		34	1	1			2	1			3	36		36
Total Cars.....	3,538	1,585	5,123	3	233		1	2	405	3	2	6	3,371	1,583	4,954

*Includes flat car released as carrier of lidgerwood with which it was formerly counted as a unit.

†Three coal hoists formerly classified under I. C. C. Account No. 19, Fuel Stations.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Steam Locomotives

Table No. 7

CLASSIFICATION		TOTAL			
Type	Tractive Power in Pounds	Number	Tractive Power in Pounds	Weight on Drivers in Tons	Weight of Engine and Tender in Working Order—Tons
Passenger	20,000 or less	4	71,544	162.20	382.80
Passenger	Over 20,000	19	616,196	1,369.25	3,479.17
Totals		23	687,740	1,531.45	3,861.97
Averages			29,902	66.58	167.91
Freight	40,000 or less	43	1,372,331	2,722.75	5,246.76
Freight	80,000 or less	63	3,101,172	6,336.06	12,214.44
Freight	Over 80,000	19	1,721,283	3,743.00	5,588.15
Totals		125	6,194,786	12,801.81	23,049.35
Averages			49,558	102.41	184.39
Switch and Work	20,000 or less				
Switch and Work	40,000 or less	32	891,562	2,038.20	3,389.00
Switch and Work	Over 40,000	2	123,208	339.08	339.08
Totals		34	1,014,770	2,377.28	3,728.08
Averages			29,846	69.92	109.65
Grand Totals		182	7,897,296	16,710.54	30,639.40
Averages			43,392	91.81	168.35
Average combined Passenger and Freight Gross Ton Miles per annum per pound of Locomotive Tractive Power owned 586.5					

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Passenger-train Cars

Table No. 8

CLASSIFICATION		TOTAL					
Type	Length Over Body End Sills in Feet	Number			Carrying Capacity		Light Wt. in Working Order—Tons
		All Wood	Steel Under- frame	Total	No. of Passen- gers	Tons of Commodi- ties	
Coach or Chair—First Class	Less than 60 feet	9	3	12	674	.....	442
Coach or Chair—First Class	Over 60 feet	9	13	22	1,377	.....	1,081
Coach or Chair—Second Class or Emigrant...	All	20	.....	20	1,117	.....	566
Coach or Chair and Combination	All	4	.....	4	160	.....	123
Total Passenger-Carrying .....	.....	42	16	58	3,328	.....	2,212
Mail, Express and Baggage	Less than 60 feet	6	4	10	.....	126	377
Mail, Express and Baggage	Over 60 feet	2	15	17	.....	245	842
Total Commodity-Carrying .....	.....	8	19	27	.....	371	1,219
Grand Totals .....	.....	50	35	85	3,328	371	3,431

Average Passenger-train Car Miles per annum per Passenger-train Car owned 71,702

Description of Freight-train Cars

Table No. 9

CLASSIFICATION									TOTAL	
Type	Number of Cars of Marked Capacity in Pounds					Number of Cars and Type of Construction			Light Weight in Tons	Marked Carrying Capacity in Tons
	Less than 60,000	60,000 to 80,000	80,000 to 100,000	100,000 to 140,000	Total	All Wood	Steel Under-frame	Total		
Box	118	1,171	1,048	.....	2,337	2,138	199	2,337	42,352	79,945
Stock .....	.....	265	.....	.....	265	265	.....	265	4,571	7,950
Tank .....	.....	119	95	9	223	.....	223	223	4,507	7,820
Total Closed	118	1,555	1,143	9	2,825	2,403	422	2,825	51,430	95,715
Gondola .....	.....	1	1,090	198	1,289	80	1,209	1,289	24,758	53,530
Hopper .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Flat	20	115	76	197	408	210	198	408	6,081	16,825
Total Open	20	116	1,166	395	1,697	290	1,407	1,697	30,839	70,355
All Other	2	107	93	102	304*	202	102	304	5,790	12,080
Grand Totals ...	140	1,778	2,402	506	4,826	2,895	1,931	4,826	88,059	178,150

Average Net Freight Ton Miles per annum per ton of Freight Car Carrying Capacity owned 9,726.56

*Does not include 1 double-end Ballast Distributor, 4 Lidgerwoods and 2 Air-dump cars in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
Statement of Principal Stocks and Bonds Owned December 31, 1923

Table No. 10

CHARACTER	SHARES	FACE AMOUNT	PER CENT. OF ISSUE	BOOK VALUE
CHARGED TO INVESTMENTS IN AFFILIATED COMPANIES.				
STOCKS:				
The Arkansas Western Railway Co.....	6,500	\$ 650,000.00	100.0	\$ 302,582.20
The Poteau Valley Railroad Co.....	1,008	100,800.00	100.0	35,000.00
The Maywood and Sugar Creek Railway Co.....	300	30,000.00	100.0	30,000.00
Fort Smith and Van Buren Railway Co.....	120	12,000.00	100.0	12,000.00
Central Railroad of Louisiana.....	50	5,000.00	100.0	1.00
Port Arthur Canal and Dock Co.....	5,000	500,000.00	100.0	1,193,289.37
Kansas City Terminal Railway Co.....	1,833 $\frac{1}{3}$	183,333.33	8.3	183,333.33
The Kansas City, Shreveport and Gulf Terminal Co.....	1,500	150,000.00	100.0	150,000.00
The K. C. S. Elevator Co.....	250	25,000.00	100.0	100,000.00
Joplin Union Depot Co.....	100	10,000.00	25.0	10,000.00
Totals.....	16,661 $\frac{1}{3}$	\$ 1,666,133.33	.....	\$ 2,016,205.90
BONDS:				
The Arkansas Western Railway Co. First 5's.....		\$ 650,000.00	100.0	\$ 100,000.00
The Kansas City, Shreveport and Gulf Terminal Co. First 4's.....		24,000.00	16.0	15,687.50
Totals.....		\$ 674,000.00	.....	\$ 115,687.50
CHARGED TO INVESTMENT IN ROAD AND EQUIPMENT.				
STOCKS:				
The Kansas City, Shreveport and Gulf Railway Co.....	3,050	\$ 305,000.00	100.0	\$ 300,000.00
Texarkana and Fort Smith Railway Co.....	2,000	100,000.00	100.0	100,000.00
Totals.....	5,050	\$ 405,000.00	.....	\$ 400,000.00
BONDS:				
The Kansas City, Shreveport and Gulf Railway Co. First 5's.....		\$ 6,623,000.00	100.0	\$ 8,278,750.00
Texarkana and Fort Smith Railway Co. First 5's.....		5,591,000.00	100.0	6,988,750.00
Totals.....		\$12,214,000.00	.....	\$15,267,500.00

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1923

Table No. 11

	1923	1922	INCREASE	DECREASE
RAILWAY OPERATING REVENUES.				
TRANSPORTATION—RAIL LINE:				
Freight.....	\$18,086,261.74	\$16,336,124.86	\$1,750,136.88	
Passenger.....	2,422,776.58	2,201,623.92	221,152.66	
Excess Baggage.....	20,948.60	20,461.68	486.92	
Mail.....	244,213.64	217,124.56	27,089.08	
Express.....	500,056.48	441,599.16	58,457.32	
Other Passenger-train.....	4,365.02	3,282.58	1,082.44	
Switching.....	841,409.67	755,715.12	85,694.55	
Special Service Train.....	7,038.84	5,884.60	1,154.24	
Other Freight-train.....	14,017.36	3,372.38	10,644.98	
Total Rail-Line Transportation Revenues.....	\$22,141,087.93	\$19,985,188.86	\$2,155,899.07	
INCIDENTAL.....	\$ 189,163.09	\$ 105,056.69	\$ 84,106.40	
JOINT FACILITY.....	154,848.07	270,934.04		\$ 116,085.97
Total Railway Operating Revenues.....	\$22,485,099.09	\$20,361,179.59	\$2,123,919.50	
RAILWAY OPERATING EXPENSES.				
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 335,872.33	\$ 292,856.35	\$ 43,015.98	
Roadway Maintenance.....	269,696.21	226,767.63	42,928.58	
Tunnels and Subways.....	280.25	159.82	120.43	
Bridges, Trestles and Culverts.....	216,704.00	79,461.70	137,242.30	
Ties.....	389,979.43	413,115.73		\$ 23,136.30
Rails.....	156,825.40	156,173.37	652.03	
Other Track Material.....	164,562.52	147,884.05	16,678.47	
Ballast.....	369,345.05	108,199.06	261,145.99	
Track Laying and Surfacing.....	1,089,188.22	713,662.29	375,525.93	
Right-of-way Fences.....	38,786.72	36,152.67	2,634.05	
Crossings and Signs.....	29,853.18	34,072.48		4,219.30
Station and Office Buildings.....	86,951.84	56,190.44	30,761.40	
Roadway Buildings.....	24,190.56	20,262.56	3,928.00	
Water Stations.....	30,629.86	30,715.54		85.68
Fuel Stations.....	25,916.97	34,864.61		8,947.64
Shops and Enginehouses.....	126,900.13	45,711.91	81,188.22	
Grain Elevators.....	5,427.86		5,427.86	
Wharves and Docks.....	14,520.66		14,520.66	
Telegraph and Telephone Lines.....	51,139.79	39,547.06	11,592.73	
Signals and Interlockers.....	4,432.10	5,715.08		1,282.98
Power Distribution Systems.....	7,590.68	1,607.88	5,982.80	
Power Plant Buildings.....	2,571.05	807.31	1,763.74	
Power Line Poles and Fixtures.....	758.47	623.21	135.26	
Miscellaneous Structures.....	34.12	72.60		38.48
Paving.....	3,168.39	3,590.46		422.07
Roadway Machines.....	15,882.20	14,058.10	1,824.10	
Small Tools and Supplies.....	39,833.76	39,761.23	72.53	
Removing Snow, Ice and Sand.....	1,967.48	2,480.08		512.60
Assessments for Public Improvements.....	607.40	314.10	293.30	
Injuries to Persons.....	30,367.11	17,525.08	12,842.03	
Insurance.....	62,750.49	36,167.15	26,583.34	
Stationery and Printing.....	12,167.84	11,808.01	359.83	
Other Expenses.....	10,102.92	5,722.04	4,380.88	
Maintaining Joint Tracks, Yards and Other Fac.—Dr.....	48,487.47	69,787.60		21,300.13
Maintaining Joint Tracks, Yards and Other Fac.—Cr.....	119,851.83	83,491.41	36,360.42	
Total Maintenance of Way and Structures.....	\$ 3,547,640.63	\$ 2,562,345.79	\$ 985,294.84	

NOTE.—For Federal lap-over items, not included above, see page 57.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1923

Table No. 11

	1923	1922	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 209,734.06	\$ 182,304.21	\$ 27,429.85	
Shop Machinery.....	115,599.68	63,706.50	51,893.18	
Power Plant Machinery.....	27,150.37	28,809.38		\$ 1,659.01
Steam Locomotives—Repairs.....	1,828,709.14	1,656,336.75	172,372.39	
Steam Locomotives—Depreciation.....	102,436.30	100,645.91	1,790.39	
Steam Locomotives—Retirements.....	34,605.61	Cr. 5,685.38	40,290.99	
Freight-train Cars—Repairs.....	1,183,089.49	977,324.66	205,764.83	
Freight-train Cars—Depreciation.....	114,484.88	110,654.71	3,830.17	
Freight-train Cars—Retirements.....	72,777.11	64,243.87	8,533.24	
Passenger-train Cars—Repairs.....	205,324.52	172,969.19	32,355.33	
Passenger-train Cars—Depreciation.....	9,182.69	8,872.24	310.45	
Passenger-train Cars—Retirements.....	5,465.42		5,465.42	
Work Equipment—Repairs.....	133,310.43	61,353.07	71,957.36	
Work Equipment—Depreciation.....	9,934.61	9,377.81	556.80	
Work Equipment—Retirements.....	5,250.92	605.98	4,644.94	
Injuries to Persons.....	26,734.72	21,979.81	4,754.91	
Insurance.....	20,712.55	26,221.58		5,509.03
Stationery and Printing.....	20,385.44	16,923.96	3,461.48	
Other Expenses.....	119,189.27	557,604.60		438,415.33
Maintaining Joint Equipment at Terminals—Dr.....	30,787.87	46,623.60		15,835.73
Maintaining Joint Equipment at Terminals—Cr.....	.50		.50	
Total Maintenance of Equipment.....	\$ 4,274,864.58	\$ 4,100,872.45	\$ 173,992.13	
TRAFFIC:				
Superintendence.....	\$ 178,465.17	\$ 173,632.85	\$ 4,832.32	
Outside Agencies.....	251,991.20	234,665.85	17,325.35	
Advertising.....	15,969.72	8,578.36	7,391.36	
Traffic Associations.....	6,273.72	8,344.66		\$ 2,070.94
Industrial and Immigration Bureaus.....	19,120.82	17,672.95	1,447.87	
Insurance.....	357.99	350.06	7.93	
Stationery and Printing.....	61,388.04	59,099.32	2,288.72	
Other Expenses.....	77.38	6.40	70.98	
Total Traffic.....	\$ 533,644.04	\$ 502,350.45	\$ 31,293.59	
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 305,501.79	\$ 280,587.42	\$ 24,914.37	
Dispatching Trains.....	84,366.89	77,414.43	6,952.46	
Station Employees.....	805,642.44	757,171.91	48,470.53	
Weighing, Inspection and Demurrage Bureaus.....	33,077.86	29,699.14	3,378.72	
Station Supplies and Expenses.....	62,225.95	60,087.64	2,138.31	
Yardmasters and Yard Clerks.....	172,669.22	162,795.47	9,873.75	
Yard Conductors and Brakemen.....	417,065.87	368,549.32	48,516.55	
Yard Switch and Signal Tenders.....	15,653.39	16,144.37		\$ 490.98
Yard Enginemen.....	266,709.88	235,852.11	30,857.77	
Fuel for Yard Locomotives.....	464,370.32	425,553.48	38,816.84	
Water for Yard Locomotives.....	22,630.16	21,511.81	1,118.35	
Lubricants for Yard Locomotives.....	5,564.76	4,671.35	893.41	
Other Supplies for Yard Locomotives.....	10,611.19	11,171.06		559.87
Enginehouse Expenses—Yard.....	140,649.88	130,777.55	9,872.33	
Yard Supplies and Expenses.....	9,428.58	9,794.18		365.60
Operating Joint Yards and Terminals—Dr.....	166,709.66	210,763.29		44,053.63
Operating Joint Yards and Terminals—Cr.....	1,760.28	1,597.48	162.80	
Carried Forward.....	\$ 2,981,117.56	\$ 2,800,947.05	\$ 180,170.51	

NOTE.—For Federal lap-over items, not included above, see page 57.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1923

Table No. 11

	1923	1922	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
TRANSPORTATION—RAIL LINE—Continued:				
Brought Forward.....	\$ 2,981,117.56	\$ 2,800,947.05	\$ 180,170.51	
Train Enginemen.....	660,503.45	635,937.37	24,566.08	
Fuel for Train Locomotives.....	1,753,572.43	1,664,821.65	88,750.78	
Water for Train Locomotives.....	98,223.19	90,212.56	8,010.63	
Lubricants for Train Locomotives.....	24,894.79	24,238.73	656.06	
Other Supplies for Train Locomotives.....	34,023.40	31,652.79	2,370.61	
Enginehouse Expenses—Train.....	228,037.11	212,502.11	15,535.00	
Trainmen.....	806,054.34	771,975.90	34,078.44	
Train Supplies and Expenses.....	226,974.10	211,589.25	15,384.85	
Signal and Interlocker Operation.....	24,148.16	23,896.33	251.83	
Crossing Protection.....	34,096.63	34,284.41		\$ 187.78
Drawbridge Operation.....	7,905.52	8,498.79		593.27
Telegraph and Telephone Operation.....	65,728.30	68,377.73		2,649.43
Stationery and Printing.....	80,167.50	66,163.18	14,004.32	
Other Expenses.....	16,639.94	15,242.69	1,397.25	
Operating Joint Tracks and Facilities—Dr.....	27,832.40	26,342.77	1,489.63	
Operating Joint Tracks and Facilities—Cr.....	62,318.29	63,502.35		1,184.06
Insurance.....	29,348.51	43,133.07		13,784.56
Clearing Wrecks.....	29,605.42	39,109.30		9,503.88
Damage to Property.....	18,021.28	13,729.12	4,292.16	
Damage to Live Stock on Right of Way.....	80,665.90	82,613.89		1,947.99
Loss and Damage—Freight.....	129,247.01	122,268.43	6,978.58	
Loss and Damage—Baggage.....	155.55	Cr. 109.96	265.51	
Injuries to Persons.....	107,000.96	99,173.75	7,827.21	
Total Transportation—Rail Line.....	\$ 7,401,645.16	\$ 7,023,098.56	\$ 378,546.60	
MISCELLANEOUS OPERATIONS:				
Grain Elevators.....	\$ 15,442.87		\$ 15,442.87	
Producing Power Sold.....	2,211.84	\$ 5,120.72		\$ 2,908.88
Total Miscellaneous Operations.....	\$ 17,654.71	\$ 5,120.72	\$ 12,533.99	
GENERAL:				
Salaries and Expenses of General Officers.....	\$ 190,523.62	\$ 185,198.25	\$ 5,325.37	
Salaries and Expenses of Clerks and Attendants....	449,913.81	446,356.14	3,557.67	
General Office Supplies and Expenses.....	42,157.54	39,009.39	3,148.15	
Law Expenses.....	116,277.62	117,209.51		\$ 931.89
Insurance.....	1,309.45	1,376.20		66.75
Pensions.....	13,927.72	10,889.63	3,038.09	
Stationery and Printing.....	46,433.83	51,001.91		4,568.08
Valuation Expenses.....	22,903.56	19,708.41	3,195.15	
Other Expenses.....	65,278.38	20,520.93	44,757.45	
General Joint Facilities—Dr.....	5,942.90	10,949.95		5,007.05
Total General.....	\$ 954,668.43	\$ 902,220.32	\$ 52,448.11	
TRANSPORTATION FOR INVESTMENT—Cr.....	\$ 21,306.14	\$ 12,548.48	\$ 8,757.66	
Grand Total Railway Operating Expenses....	\$16,708,811.41	\$15,083,459.81	\$1,625,351.60	
Net Revenue from Railway Operations.....	\$ 5,776,287.68	\$ 5,277,719.78	\$ 498,567.90	
RAILWAY TAX ACCRUALS.....	\$ 1,435,907.45	\$ 1,315,676.19	\$ 120,231.26	
UNCOLLECTIBLE RAILWAY REVENUES.....	10,310.25	5,523.56	4,786.69	
Total Tax Accruals and Uncollectible Revenues	\$ 1,446,217.70	\$ 1,321,199.75	\$ 125,017.95	
Total Operating Income.....	\$ 4,330,069.98	\$ 3,956,520.03	\$ 373,549.95	

NOTE.—For Federal lap-over items, not included above, see page 57.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Comparative Statement of Revenues and Expenses for the Five Years Ended December 31, 1923,
including Federal Lap-overs and Expenses of Maintaining Corporate Organization
during the Period of Federal Control**

Table No. 12

	1919	1920	1921	1922	1923
RAILWAY OPERATING REVENUES.					
TRANSPORTATION—RAIL LINES:					
Freight	\$12,576,429.95	\$17,361,234.69	\$17,646,457.21	\$16,345,294.78	\$18,047,084.53
Passenger	2,723,353.01	3,225,909.22	2,471,693.61	2,200,553.57	2,422,733.19
Excess Baggage	18,312.88	20,546.64	20,627.44	20,514.84	20,948.60
Mail	130,213.71	421,560.74	282,033.82	217,124.56	244,213.64
Express	326,359.29	386,203.40	301,956.57	441,599.16	500,056.48
Other Passenger-train	1,586.37	4,283.93	6,706.52	3,703.05	4,365.02
Switching	687,147.87	709,388.31	854,334.12	757,629.10	841,692.67
Special Service Train	8,154.75	14,224.11	8,947.34	5,964.10	7,038.84
Other Freight-train	2,124.85	3,775.17	2,768.63	3,423.78	14,017.36
Total Rail-Line Transportation Revenues	\$16,473,682.68	\$22,147,126.21	\$21,595,525.26	\$19,995,806.94	\$22,102,150.33
INCIDENTAL	\$ 137,073.11	\$ 206,399.12	\$ 137,118.38	\$ 238,100.81	\$ 198,954.66
JOINT FACILITY	Dr. 3,745.14	1,701.56	Dr. 151.29	270,934.04	154,848.07
Total Railway Operating Revenues	\$16,607,010.65	\$22,355,226.89	\$21,732,492.35	\$20,504,841.79	\$22,455,953.06
RAILWAY OPERATING EXPENSES.					
MAINTENANCE OF WAY AND STRUCTURES	\$ 2,531,639.52	\$ 3,005,249.55	\$ 2,867,962.44	\$ 2,579,562.81	\$ 3,605,318.52
MAINTENANCE OF EQUIPMENT	3,608,202.62	4,322,926.07	3,897,362.47	4,139,710.91	4,275,365.73
TRAFFIC	212,656.90	478,045.01	519,284.21	503,035.21	533,971.28
TRANSPORTATION—RAIL LINE	6,477,871.82	9,231,598.59	7,640,107.54	7,110,438.71	7,397,666.15
MISCELLANEOUS OPERATIONS				5,120.72	17,654.71
GENERAL	611,934.45	918,313.16	988,452.25	901,398.80	953,769.85
TRANSPORTATION FOR INVESTMENT—Cr.	22,770.90	19,313.92	15,620.38	13,854.37	20,965.17
Total Railway Operating Expenses	\$13,419,534.41	\$17,936,818.46	\$15,897,548.53	\$15,225,412.79	\$16,762,781.07
Net Revenue from Railway Operations ..	\$ 3,187,476.24	\$ 4,418,408.43	\$ 5,834,943.82	\$ 5,279,429.00	\$ 5,693,171.99
RAILWAY TAX ACCRUALS	\$ 846,439.28	\$ 957,904.95	\$ 1,047,594.65	\$ 1,314,327.49	\$ 1,435,907.45
UNCOLLECTIBLE RAILWAY REVENUES	5,817.28	5,114.99	10,804.49	7,666.68	10,932.33
Total Tax Accruals and Uncollectible Revenues	\$ 852,256.56	\$ 963,019.94	\$ 1,058,399.14	\$ 1,321,994.17	\$ 1,446,839.78
Total Operating Income	\$ 2,335,219.68	\$ 3,455,388.49	\$ 4,776,544.68	\$ 3,957,434.83	\$ 4,246,332.21

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Comparative Statement of Classified Revenue Tonnage for the Year Ended
December 31, 1923**

Table No. 13

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1923	1922	1923	1922	1923	1922	1923	1922
PRODUCTS OF AGRICULTURE:								
Wheat	46,012	94,325	29,558	81,201	75,570	175,526	1.1	3.2
Corn	45,328	44,749	45,744	61,892	91,072	106,641	1.3	2.0
Oats	62,186	43,772	63,781	55,638	125,967	99,410	1.8	1.8
Other Grain	4,170	5,204	13,698	18,340	17,868	23,544	.3	.4
Flour and Meal	40,210	50,530	73,327	73,542	113,537	124,072	1.6	2.3
Other Mill Products	68,953	52,269	29,258	26,868	98,211	79,137	1.4	1.4
Hay, Straw and Alfalfa	25,983	19,986	12,791	13,649	38,774	33,635	.6	.6
Tobacco	20	.....	86	27	106	27	.0	.0
Cotton	15,741	23,901	7,543	4,673	23,284	28,574	.3	.5
Cotton Seed and Products, except oil	17,045	20,986	15,947	11,420	32,992	32,406	.5	.6
Citrus Fruits .....	.....	.....	1,666	1,060	1,666	1,060	.0	.0
Other Fresh Fruits	9,865	16,299	31,535	41,470	41,400	57,769	.6	1.1
Potatoes	6,389	6,819	27,016	26,882	33,405	33,701	.5	.6
Other Fresh Vegetables	324	470	9,780	9,642	10,104	10,112	.1	.2
Dried Fruits and Vegetables	285	158	2,482	3,674	2,767	3,832	.0	.1
Other Products of Agriculture	1,080	1,447	15,178	15,173	16,258	16,620	.2	.3
Totals	343,591	380,915	379,390	445,151	722,981	826,066	10.3	15.1
ANIMALS AND PRODUCTS:								
Horses and Mules	7,200	4,918	1,679	1,294	8,879	6,212	.1	.1
Cattle and Calves	19,397	20,557	5,347	8,958	24,744	29,515	.4	.5
Sheep and Goats	548	908	185	641	733	1,549	.0	.0
Hogs	11,790	11,194	1,937	1,498	13,727	12,692	.2	.2
Fresh Meats	5,323	3,295	1,503	1,412	6,826	4,707	.1	.1
Other Packing House Products	9,100	11,871	22,443	18,243	31,543	30,114	.5	.6
Poultry	2,785	2,226	203	205	2,988	2,431	.0	.0
Eggs	2,846	2,242	1,956	771	4,802	3,013	.1	.1
Butter and Cheese	181	178	1,783	2,364	1,964	2,542	.0	.0
Wool	115	234	55	67	170	301	.0	.0
Hides and Leather	931	976	1,218	1,640	2,149	2,616	.0	.1
Other Animals and Products	44,138	22,892	22,359	12,570	66,497	35,462	.9	.7
Totals	104,354	81,491	60,668	49,663	165,022	131,154	2.3	2.4
PRODUCTS OF MINES:								
Anthracite Coal .....	.....	.....	91	.....	91	.....	.0	.0
Bituminous Coal	502,587	536,666	193,620	216,357	696,207	753,023	9.9	13.7
Coke	28	.....	7,320	5,560	7,348	5,560	.1	.1
Iron Ore .....	.....	.....	20	20	20	20	.0	.0
Other Ores and Concentrates	10,865	15,217	10,792	12,287	21,657	27,504	.3	.5
Base Bullion and Matte .....	.....	.....	.....	15	.....	15	.0	.0
Clay, Gravel, Sand and Stone	521,370	142,072	215,681	159,583	737,051	301,655	10.5	5.5
Crude Petroleum	1,078	3,927	634,399	221,673	635,477	225,600	9.0	4.1
Asphaltum	213,482	218,296	13,151	8,073	226,633	226,369	3.2	4.3
Salt	71	79	16,673	15,227	16,744	15,306	.2	.2
Other Products of Mines	4,015	3,896	69,232	66,148	73,247	70,044	1.1	1.3
Totals	1,253,496	920,153	1,160,979	704,943	2,414,475	1,625,096	34.3	29.7
Carried Forward	1,701,441	1,382,559	1,601,037	1,199,757	3,302,478	2,582,316	46.9	47.2

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Classified Revenue Tonnage for the Year Ended
December 31, 1923

Table No. 13

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1923	1922	1923	1922	1923	1922	1923	1922
Brought Forward.....	1,701,441	1,382,559	1,601,037	1,199,757	3,302,478	2,582,316	46.9	47.2
PRODUCTS OF FORESTS:								
Logs, Posts, Poles and Cord- wood.....	132,657	62,521	36,049	22,404	168,706	84,925	2.4	1.6
Ties.....	229,707	137,067	78,906	23,801	308,613	160,868	4.4	2.9
Pulp Wood.....				42		42	.0	.0
Lumber, Timber, Box Shooks, Staves and Headings.....	636,666	479,594	463,380	460,570	1,100,046	940,164	15.6	17.2
Other Products of Forests.....	18,630	8,188	8,521	7,101	27,151	15,289	.4	.3
Totals.....	1,017,660	687,370	586,856	513,918	1,604,516	1,201,288	22.8	22.0
MANUFACTURES AND MISCELLANEOUS:								
Refined Petroleum.....	695,028	513,128	335,820	247,914	1,030,848	761,042	14.6	13.9
Vegetable Oils.....	2,736	2,318	5,276	6,649	8,012	8,967	.1	.2
Sugar, Syrup, Glucose and Mo- lasses.....	4,921	3,216	61,601	55,153	66,522	58,369	.9	1.1
Boats and Vessel Supplies.....		5				5	.0	.0
Iron, Pig and Bloom.....	300		5,866	7,047	6,166	7,047	.1	.1
Rails and Fastenings.....	9,963	5,571	3,811	3,140	13,774	8,711	.2	.2
Bar and Sheet Iron, Structural Iron and Iron Pipe.....	22,091	13,612	167,906	166,830	189,997	180,442	2.7	3.3
Other Metals, Pig, Bar and Sheet.....	1,361	2,362	24,286	29,198	25,647	31,560	.4	.6
Castings, Machinery and Boilers	5,296	4,129	21,113	14,005	26,409	18,134	.4	.3
Cement.....	681	748	34,693	30,906	35,374	31,654	.5	.6
Brick and Artificial Stone.....	43,263	26,483	67,526	34,168	110,789	60,651	1.6	1.1
Lime and Plaster.....	1,448	1,942	4,664	2,639	6,112	4,581	.1	.1
Sewer Pipe and Drain Tile.....	11,599	6,674	1,846	1,606	13,445	8,280	.2	.2
Agricultural Implements and Ve- hicles, except automobiles...	1,960	3,008	8,450	8,244	10,410	11,252	.1	.2
Automobiles and Auto Trucks...	1,619	1,353	23,500	16,473	25,119	17,826	.4	.3
Household Goods and Second Hand Furniture.....	2,953	2,926	3,029	3,155	5,982	6,081	.1	.1
Furniture (New).....	2,055	1,303	6,431	4,713	8,486	6,016	.1	.1
Beverages.....	105	287	1,703	1,802	1,808	2,089	.0	.0
Ice.....	20,349	21,378	140	176	20,489	21,554	.3	.4
Fertilizers (All Kinds).....	12,678	6,877	3,240	2,324	15,918	9,201	.2	.2
Paper, Printed Matter and Books.....	128	140	17,080	11,718	17,208	11,858	.2	.2
Chemicals and Explosives.....	17,178	7,856	26,141	16,530	43,319	24,386	.6	.5
Textiles.....	383	143	7,667	7,201	8,050	7,344	.1	.1
Canned Goods (All Canned Food Products).....	1,752	1,329	16,596	20,267	18,348	21,596	.3	.4
Other Manufactures and Mis- cellaneous.....	174,315	137,783	139,901	120,019	314,216	257,802	4.5	4.7
Totals.....	1,034,162	764,571	988,286	811,877	2,022,448	1,576,448	28.7	28.9
Merchandise—All L. C. L. Freight	78,105	70,365	38,585	34,762	116,690	105,127	1.6	1.9
GRAND TOTALS.....	3,831,368	2,904,865	3,214,764	2,560,314	7,046,132	5,465,179	100.0	100.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended
December 31, 1923**

Table No. 14

	1923	1922
TRAIN MILEAGE:		
Freight	2,233,864	2,012,080
Passenger	1,421,915	1,396,269
Mixed	7,824	9,434
Total Revenue Train Mileage	3,663,603	3,417,783
ADDITIONAL LOCOMOTIVE MILEAGE:		
Light and Helping Freight	191,262	189,604
Light and Helping Passenger	21,531	24,486
Switching	1,128,986	992,389
Passenger—Nonrevenue	2,109	1,457
Work	161,247	61,976
Total Locomotive Mileage	5,168,738	4,687,695
CAR MILEAGE:		
Loaded Freight—North	35,128,707	33,941,041
Loaded Freight—South	28,952,410	25,278,470
Empty Freight—North	8,527,693	4,861,737
Empty Freight—South	16,369,171	15,994,794
Total Freight Car Mileage	88,977,981	80,076,042
Average Car-miles per Car-day	39.7	36.5

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement Showing Performance of Locomotives for the Year Ended December 31, 1923

Table No. 15

	1923	1922
Cost of Repairs to Locomotives and Tenders.....	\$1,883,569.53	\$1,674,804.81
Per Mile run.....	.3644	.3573
Cost of Fuel used.....	\$2,203,403.17	\$2,054,882.84
Cost of Fuel Station Operation.....	72,386.49	63,590.96
Total Cost of Fuel per Mile run.....	.4403	.4519
Cost of Enginemen, Firemen and Roundhousemen.....	\$1,331,923.13	\$1,233,850.75
Per Mile run.....	.2577	.2632
Cost of Water Supply.....	\$ 123,897.90	\$ 112,780.51
Per Mile run.....	.0240	.0241
Cost of Lubricating Oil and Grease used.....	\$ 27,911.69	\$ 26,890.63
Per Mile run.....	.0054	.0057
Cost of Waste used.....	\$ 3,289.56	\$ 2,273.62
Per Mile run.....	.0006	.0005
Cost of Other Supplies.....	\$ 45,707.72	\$ 43,236.56
Per Mile run.....	.0088	.0092
Total Cost.....	\$5,692,089.19	\$5,212,310.68
Total Cost per Mile run.....	1.1012	1.1119
Tons of Coal used.....	167,339	158,699
Price per Ton.....	\$4.67	\$5.07
Barrels of Fuel Oil used.....	1,222,150	1,053,648
Price per Barrel.....	\$1.21	\$1.32
Miles Run per Ton of Coal used.....	10.36	10.08
Miles Run per Barrel of Oil used.....	2.81	2.93
Pints of Lubricating Oil and Grease used.....	381,337	345,958
Price per Pint.....	\$.0732	\$.0777
Miles Run per Pint of Lubricating Oil and Grease used.....	13.55	13.55
Miles Run per Pint of All Oils used.....	11.04	9.65
Pounds of Waste used.....	30,196	23,365
Price per Pound.....	\$.1089	\$.0973
Miles Run per Pound of Waste used.....	171.17	200.63

NOTE.—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Condensed Statement of Comparative Operating Results for the Year Ended
December 31, 1923

Table No. 16

	1923	1922
Mileage Operated.....	841.55	841.55
Number of Tons carried:		
Revenue freight.....	7,046,132	5,465,179
Company freight.....	1,055,664	596,672
Average Distance (Miles) each ton was carried:		
Revenue freight.....	239.00	275.88
Including Company freight.....	225.37	259.95
Number of Tons carried one mile:		
Revenue freight.....	1,684,014,389	1,507,715,528
Company freight.....	141,898,433	68,084,525
Number of Tons carried one mile per mile of road:		
Revenue freight.....	2,001,087	1,791,594
Including Company freight.....	2,169,702	1,872,497
Tons to each loaded car:		
Revenue freight.....	26.28	25.46
Including Company freight.....	28.49	26.61
Tons to each loaded and empty car:		
Revenue freight.....	18.93	18.83
Including Company freight.....	20.52	19.68
Cars to each train:		
Loaded.....	28.67	29.38
Empty.....	11.14	10.36
Train Load in tons:		
Revenue freight.....	752.76	747.41
Including Company freight.....	816.19	781.16
Gross Ton Miles—Freight.....	3,616,515,279	3,284,717,923
Per freight train mile.....	1,618.95	1,632.50
Per freight locomotive mile.....	1,491.27	1,491.91
Number of Passengers carried—Earning revenue.....	1,323,840	1,248,468
Average Distance (Miles) each passenger was carried.....	53.22	50.65
Number of Passengers carried one mile.....	70,450,352	63,233,107
Per mile of road.....	83,715	75,139
Freight Revenue.....	\$18,086,261.74	\$16,336,124.86
Per mile of road.....	21,491.61	19,411.95
Per revenue freight train mile.....	8.08458	8.09823
Per ton of freight.....	2.56684	2.98913
Per ton per mile.....	.01074	.01084
Passenger Revenue.....	\$ 2,422,776.58	\$ 2,201,623.92
Per passenger.....	1.83011	1.76346
Per passenger per mile.....	.03439	.03482
Freight and Passenger Revenue.....	\$20,509,038.32	\$18,537,748.78
Per mile of road.....	24,370.55	22,028.10
Passenger Service Train Revenue.....	\$ 3,192,360.32	\$ 2,884,091.90
Per mile of road.....	3,793.43	3,427.12
Per revenue passenger train mile.....	2.24266	2.0608
Gross Revenues from Operation.....	\$22,485,099.09	\$20,361,179.59
Per mile of road.....	26,718.67	24,194.85
Per revenue train mile.....	6.13743	5.95742
Maintenance of Way and Structures.....	\$ 3,547,640.63	\$ 2,562,345.79
Per mile of road.....	4,215.60	3,044.79
Per revenue train mile.....	.96835	.74971
Maintenance of Equipment.....	\$ 4,274,864.58	\$ 4,100,872.45
Per mile of road.....	5,079.75	4,873.00
Per revenue train mile.....	1.16685	1.19986
Traffic Expenses.....	\$ 533,644.04	\$ 502,350.45
Per mile of road.....	634.12	596.94
Per revenue train mile.....	.14566	.14698
Transportation Expenses.....	\$ 7,401,645.16	\$ 7,023,098.56
Per mile of road.....	8,795.25	8,345.43
Per revenue train mile.....	2.02032	2.05487
Miscellaneous Operations.....	\$ 17,654.71	\$ 5,120.72
Per mile of road.....	20.98	6.08
Per revenue train mile.....	.00482	.00150
General Expenses.....	\$ 954,668.43	\$ 902,220.32
Per mile of road.....	1,134.42	1,072.09
Per revenue train mile.....	.26058	.26398
Transportation for Investment—Cr.....	\$ 21,306.14	\$ 12,548.48
Per mile of road.....	25.32	14.91
Per revenue train mile.....	.00582	.00367
Total Operating Expenses.....	\$16,708,811.41	\$15,083,459.81
Per mile of road.....	19,854.80	17,923.42
Per revenue train mile.....	4.56076	4.41323
Net Revenue from Operation.....	\$ 5,776,287.68	\$ 5,277,719.78
Per mile of road.....	6,863.87	6,271.43
Per revenue train mile.....	1.57667	1.54419
Ratio Operating Expenses to Gross Revenues.....	74.31%	74.08%
Ratio Operating Expenses and Taxes to Gross Revenues.....	80.70%	80.54%

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1923

Table No. 17

ASSETS	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$1,284,613.35	\$1,284,992.53	.....	\$ 379.18
Miscellaneous Physical Property.....	167.00	167.00	.....
Total Investments.....	\$1,284,780.35	\$1,285,159.53	.....	\$ 379.18
CURRENT ASSETS.				
Cash.....	\$ 11,470.86	\$ 9,003.17	\$ 2,467.69	
Traffic and Car-service Balances receivable.....	1,075.84	2,074.48	.....	\$ 998.64
Net Balance receivable from Agents and Conductors.....	326.86	235.47	91.39	
Miscellaneous Accounts receivable.....	663.82	1,215.81	.....	551.99
Material and Supplies.....	2,392.66	558.14	1,834.52	
Other Current Assets.....	25.42	57.41	.....	31.99
Total Current Assets.....	\$ 15,955.46	\$ 13,144.48	\$ 2,810.98	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....		\$ 19,304.49	.....	\$19,304.49
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 7.27	\$ 90.84	.....	\$ 83.57
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	17,974.47	17,974.47	.....
Other accounts.....	375.19	327.17	\$ 48.02	
Total Unadjusted Debits.....	\$ 18,356.93	\$ 18,392.48	.....	\$ 35.55
Grand Totals.....	\$1,319,092.74	\$1,336,000.98	.....	\$16,908.24

LIABILITIES	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 650,000.00	\$ 650,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 5 Per Cent. Bonds, due July 1, 1934.....	\$ 650,000.00	\$ 650,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....	423,500.00	391,000.00	\$ 32,500.00	
Open Account—The Kansas City Southern Ry. Co.....	263,290.48	186,000.00	77,290.48	
Total Long-term Debt.....	\$1,336,790.48	\$1,227,000.00	\$109,790.48	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 1,573.13	\$ 2,091.70	.....	\$ 518.57
Audited Accounts and Wages payable.....	11,630.66	6,786.07	\$ 4,844.59	
Miscellaneous Accounts payable.....	141.05	141.05	.....
Unmatured Interest accrued—The Kansas City Southern Ry. Co.....	2,708.33	2,708.33	.....
Other Current Liabilities.....	118.04	147.06	.....	29.02
Total Current Liabilities.....	\$ 16,171.21	\$ 11,874.21	\$ 4,297.00	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....		\$ 21,349.08	.....	\$21,349.08
Other accounts.....	\$ 79.15	.....	\$ 79.15	
Total Deferred Liabilities.....	\$ 79.15	\$ 21,349.08	.....	\$21,269.93
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 6,758.33	\$ 9,733.31	.....	\$ 2,974.98
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....	.....	14,246.94	.....	14,246.94
Other accounts.....	1,210.07	2,521.03	.....	1,310.96
Total Unadjusted Credits.....	\$ 7,968.40	\$ 26,501.28	.....	\$18,532.88
Total Liabilities.....	\$2,011,009.24	\$1,936,724.57	\$ 74,284.67	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus.....	Cr. \$ 3,560.67	Cr. \$ 3,533.12	Cr. \$ 27.55	
Profit and Loss debit balance.....	695,477.17	604,256.71	91,220.46	
Total Corporate Deficit.....	\$ 691,916.50	\$ 600,723.59	\$ 91,192.91	
Grand Totals.....	\$1,319,092.74	\$1,336,000.98	.....	\$16,908.24

The above Balance Sheet as at December 31, 1923, in our opinion correctly shows the financial position of The Arkansas Western Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 21, 1924.

PRICE, WATERHOUSE & CO.

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1923

Table No. 18

	1923	1922
OPERATING INCOME.		
Railway Operating Revenues.....	\$ 49,473.03	\$ 53,982.07
Railway Operating Expenses.....	81,830.34	71,611.15
Net Revenue from Railway Operations—Deficit.....	\$ 32,357.31	\$ 17,629.08
Railway Tax Accruals.....	\$ 7,247.67	\$ 6,467.53
Uncollectible Railway Revenues.....	.23	42.70
Total Tax Accruals and Uncollectible Revenues.....	\$ 7,247.90	\$ 6,510.23
Total Operating Income—Deficit.....	\$ 39,605.21	\$ 24,139.31
NONOPERATING INCOME.		
Income from Lease of Road.....	\$ 85.52	
Miscellaneous Rent Income.....	96.00	\$ 22.00
Income from Unfunded Securities and Accounts.....	192.64	216.78
Miscellaneous Income.....	2.00	2.00
Total Nonoperating Income.....	\$ 376.16	\$ 240.78
Gross Income—Deficit.....	\$ 39,229.05	\$ 23,898.53
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 3,216.40	\$ 2,715.28
Rent for Locomotives.....	10,584.06	8,307.40
Rent for Passenger-train Cars.....	6,239.20	5,840.00
Interest on Funded Debt.....	32,500.00	32,500.00
Interest on Unfunded Debt.....	4.43	11.88
Total Deductions from Gross Income.....	\$ 52,544.09	\$ 49,374.56
Net Income—Deficit.....	\$ 91,773.14	\$ 73,273.09
Profit and Loss Account for the Year Ended December 31, 1923		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$604,256.71	
Unrefundable Overcharges.....		\$ 46.22
Donations.....		27.55
Miscellaneous Credits.....		855.92
Surplus Appropriated for Investment in Physical Property.....	27.55	
Loss on Retired Road and Equipment.....	161.05	
Miscellaneous Debits.....	188.41	
Debit Balance transferred from Income.....	91,773.14	
Debit Balance carried to Balance Sheet.....		695,477.17
Totals.....	\$696,406.86	\$696,406.86

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1923

Table No. 19

	1923	1922
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$30,224.26	\$38,257.39
Passenger.....	14,636.33	11,018.23
Excess Baggage.....	150.35	135.18
Mail.....	1,987.55	1,988.44
Express.....	1,679.82	2,038.27
Other Passenger-train.....	16.41	55.64
Other Freight-train.....		.08
INCIDENTAL.....	778.31	488.84
Total Railway Operating Revenues.....	\$49,473.03	\$53,982.07
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$39,954.57	\$40,308.93
MAINTENANCE OF EQUIPMENT.....	7,596.20	2,922.68
TRAFFIC.....	625.33	642.87
TRANSPORTATION—RAIL LINE.....	31,165.34	25,058.24
GENERAL.....	2,488.90	2,678.43
Total Railway Operating Expenses.....	\$81,830.34	\$71,611.15
Net Revenue from Railway Operations—Deficit.....	\$32,557.31	\$17,629.08
RAILWAY TAX ACCRUALS.....	\$ 7,247.67	\$ 6,467.53
UNCOLLECTIBLE RAILWAY REVENUES.....	.23	42.70
Total Tax Accruals and Uncollectible Revenues.....	\$ 7,247.90	\$ 6,510.23
Total Operating Income—Deficit.....	\$39,605.21	\$24,139.31

NOTE.—For Federal lap-over items, not included above, see page 58.

THE POTEAU VALLEY RAILROAD COMPANY

Comparative General Balance Sheet, December 31, 1923

Table No. 20

ASSETS	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$103,930.90	\$103,930.90		
CURRENT ASSETS.				
Cash.....	\$ 2,486.84	\$ 2,236.67	\$ 250.17	
Traffic and Car-service Balances receivable.....	1,637.36	1,582.36	55.00	
Net Balance receivable from Agents and Conductors.....	.52	7.31		\$ 6.79
Miscellaneous Accounts receivable.....	234.92	135.52	99.40	
Material and Supplies.....	123.62	252.16		128.54
Other Current Assets.....	.52		.52	
Total Current Assets.....	\$ 4,483.78	\$ 4,214.02	\$ 269.76	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....		\$ 2,663.63		\$ 2,663.63
Other accounts.....	\$ 11.31		\$ 11.31	
Total Deferred Assets.....	\$ 11.31	\$ 2,663.63		\$ 2,652.32
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 2.41	\$ 58.44		\$ 56.03
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	10,208.38	10,208.38		
Other accounts.....	244.93	231.11	\$ 13.82	
Total Unadjusted Debits.....	\$ 10,455.72	\$ 10,497.93		\$ 42.21
Grand Totals.....	\$118,881.71	\$121,306.48		\$ 2,424.77

LIABILITIES	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
CAPITAL STOCK.....	\$100,800.00	\$100,800.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$121,536.28	\$ 80,500.00	\$41,036.28	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 292.04	\$ 365.97		\$ 73.93
Audited Accounts and Wages payable.....	5,501.26	2,925.65	\$ 2,575.61	
Other Current Liabilities.....	.65	2.61		1.96
Total Current Liabilities.....	\$ 5,793.95	\$ 3,294.23	\$ 2,499.72	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....		\$ 11,906.15		\$11,906.15
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,995.00	\$ 2,615.00		\$ 620.00
Accrued Depreciation—Equipment.....	260.26	225.94	\$ 34.32	
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....		7,003.08		7,003.08
Other accounts.....	658.06	758.05		99.99
Total Unadjusted Credits.....	\$ 2,913.32	\$ 10,602.07		\$ 7,688.75
Total Liabilities.....	\$231,043.55	\$207,102.45	\$23,941.10	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	\$112,161.84	\$ 85,795.97	\$26,365.87	
Grand Totals.....	\$118,881.71	\$121,306.48		\$ 2,424.77

The above Balance Sheet as at December 31, 1923, in our opinion correctly shows the financial position of The Poteau Valley Railroad Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 21, 1924.

PRICE, WATERHOUSE & CO.

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Income Account for the Year Ended December 31, 1923

Table No. 21

	1923	1922
OPERATING INCOME.		
Railway Operating Revenues.....	\$ 20,834.52	\$ 15,272.50
Railway Operating Expenses.....	28,016.75	22,168.38
Net Revenue from Railway Operations—Deficit.....	\$ 7,182.23	\$ 6,895.88
Railway Tax Accruals.....	\$ 2,268.00	\$ 1,842.40
Uncollectible Railway Revenues.....		16.43
Total Tax Accruals and Uncollectible Revenues.....	\$ 2,268.00	\$ 1,858.83
Total Operating Income—Deficit.....	\$ 9,450.23	\$ 8,754.71
NONOPERATING INCOME.		
Income from Lease of Road.....	Dr. \$ 672.86	
Miscellaneous Rent Income.....	12.00	
Income from Unfunded Securities and Accounts.....	54.47	\$ 68.22
Miscellaneous Income:		
Revenues Prior to January 1, 1918.....		Dr. 1.24
Other Miscellaneous Income.....	2.00	
Total Nonoperating Income.....	Dr. \$ 604.39	\$ 66.98
Gross Income—Deficit.....	\$ 10,054.62	\$ 8,687.73
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 5,740.00	\$ 2,638.00
Rent for Locomotives.....	10,559.45	7,058.92
Interest on Unfunded Debt.....		1.17
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....		.44
Total Deductions from Gross Income.....	\$ 16,299.45	\$ 9,698.53
Net Income—Deficit.....	\$ 26,354.07	\$ 18,386.26
Profit and Loss Account for the Year Ended December 31, 1923		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$ 85,795.97	
Unrefundable Overcharges.....		\$ 23.64
Miscellaneous Credits.....		11.92
Miscellaneous Debits.....	47.36	
Debit Balance transferred from Income.....	26,354.07	
Debit Balance carried to Balance Sheet.....		112,161.84
Totals.....	\$112,197.40	\$112,197.40

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1923

Table No. 22

	1923	1922
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$19,171.18	\$14,068.40
Passenger.....	1,049.98	646.12
Excess Baggage.....	5.56	2.60
Mail.....	503.08	147.37
Other Passenger-train.....		25.92
INCIDENTAL.....	104.72	382.09
Total Railway Operating Revenues.....	\$20,834.52	\$15,272.50
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 8,451.90	\$ 8,487.39
MAINTENANCE OF EQUIPMENT.....	1,216.83	713.01
TRAFFIC.....	.38	.38
TRANSPORTATION—RAIL LINE.....	17,289.03	11,815.98
GENERAL.....	1,058.61	1,151.62
Total Railway Operating Expenses.....	\$28,016.75	\$22,168.38
Net Revenue from Railway Operations—Deficit.....	\$ 7,182.23	\$ 6,895.88
RAILWAY TAX ACCRUALS.....	\$ 2,268.00	\$ 1,842.40
UNCOLLECTIBLE RAILWAY REVENUES.....		16.43
Total Tax Accruals and Uncollectible Revenues.....	\$ 2,268.00	\$ 1,858.83
Total Operating Income—Deficit.....	\$ 9,450.23	\$ 8,754.71

NOTE.—For Federal lap-over items, not included above, see page 58.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY

Comparative General Balance Sheet, December 31, 1923

Table No. 23

ASSETS	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$572,560.19	\$590,944.72	.....	\$18,384.53
Total Investments.....	\$572,560.19	\$590,944.72	.....	\$18,384.53
CURRENT ASSETS.				
Cash.....	\$ 23,567.77	\$ 36,141.83	.....	\$12,574.06
Special Deposits.....	110.00	210.00	.....	100.00
Miscellaneous Accounts receivable.....	30,313.05	15,529.64	\$14,783.41	
Rents receivable.....	2,500.00	3,561.10	.....	1,061.10
Total Current Assets.....	\$ 56,490.82	\$ 55,442.57	\$ 1,048.25	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....		\$ 5,902.33	.....	\$ 5,902.33
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 449.69	\$ 2,015.93	.....	\$ 1,566.24
Other Unadjusted Debits:				
U. S. Government—Accrued Standard Return.....		13,031.78	.....	13,031.78
Other Accounts.....	25.00	1,571.23	.....	1,546.23
Total Unadjusted Debits.....	\$ 474.69	\$ 16,618.94	.....	\$16,144.25
Grand Totals.....	\$629,525.70	\$668,908.56	.....	\$39,382.86

LIABILITIES	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
CAPITAL STOCK.....	\$150,000.00	\$150,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 4 Per Cent. Gold Bonds, due August 1, 1927.....	\$150,000.00	\$150,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	242,018.98	278,877.50	.....	\$36,858.52
Total Long-term Debt.....	\$392,018.98	\$428,877.50	.....	\$36,858.52
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 16,387.25	\$ 8,397.24	\$ 7,990.01	
Miscellaneous Accounts payable.....	1,161.40	848.00	313.40	
Interest Matured unpaid.....	110.00	210.00	.....	\$ 100.00
Unmatured Interest accrued.....	2,500.00	2,500.00		
Other Current Liabilities.....	214.85	212.80	2.05	
Total Current Liabilities.....	\$ 20,373.50	\$ 12,168.04	\$ 8,205.46	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....		\$ 13,963.58	.....	\$13,963.58
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 3,445.00	\$ 445.00	\$ 3,000.00	
Other Unadjusted Credits.....	37.12	12,551.64	.....	\$12,514.52
Total Unadjusted Credits.....	\$ 3,482.12	\$ 12,996.64	.....	\$ 9,514.52
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 139.94	\$ 139.94		
Appropriated Surplus not specifically invested.....	9,032.47	7,212.85	\$ 1,819.62	
Profit and Loss credit balance.....	54,478.69	43,550.01	10,928.68	
Total Corporate Surplus.....	\$ 63,651.10	\$ 50,902.80	\$12,748.30	
Grand Totals.....	\$629,525.70	\$668,908.56	.....	\$39,382.86

The above Balance Sheet as at December 31, 1923, in our opinion correctly shows the financial position of The Kansas City, Shreveport and Gulf Terminal Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 21, 1924.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY
Comparative Statement of Revenues, Expenses and Income for the Year Ended
December 31, 1923

Table No. 24

	1923	1922
RAILWAY OPERATING REVENUES.		
INCIDENTAL.....	\$ 2,514.50	\$ 3,156.11
JOINT FACILITY.....	Dr. 2,514.50	Dr. 3,156.11
Total Railway Operating Revenues.....		
RAILWAY TAX ACCRUALS	\$12,815.93	\$ 6,665.12
Total Operating Income—Deficit.....	\$12,815.93	\$ 6,665.12
NONOPERATING INCOME.		
Joint Facility Rent Income.....	\$28,566.60	\$35,186.21
Income from Lease of Road.....	42.87	
Miscellaneous Rent Income.....	2,160.77	4,384.97
Miscellaneous Nonoperating Physical Property.....		Dr. 962.57
Income from Unfunded Securities and Accounts.....	148.38	750.66
Total Nonoperating Income.....	\$30,918.62	\$39,359.27
Gross Income.....	\$18,102.69	\$32,694.15
DEDUCTIONS FROM GROSS INCOME.		
Miscellaneous Tax Accruals.....		\$ 298.15
Interest on Funded Debt.....	\$ 6,000.00	6,000.00
Miscellaneous Appropriations of Income.....	1,819.62	7,212.85
Total Deductions from Gross Income.....	\$ 7,819.62	\$13,511.00
Net Income.....	\$10,283.07	\$19,183.15
Profit and Loss Account for the Year Ended December 31, 1923		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$43,550.01
Credit Balance transferred from Income.....		10,283.07
Miscellaneous Credits.....		655.78
Miscellaneous Debits.....	\$ 10.17	
Credit Balance carried to Balance Sheet.....	54,478.69	
Totals.....	\$54,488.86	\$54,488.86

NOTE.—For Federal lap-over items, not included above, see page 59.

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative General Balance Sheet, December 31, 1923

Table No. 25

ASSETS	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$3,069,203.74	\$3,068,268.24	\$ 935.50	
Deposits in lieu of Mortgaged Property sold.....		14,604.69		\$ 14,604.69
Total Investments.....	\$3,069,203.74	\$3,082,872.93		\$ 13,669.19
CURRENT ASSETS.				
Cash:				
Deposit with Trustee under First Mortgage.....	\$ 480,000.00		\$ 480,000.00	
Miscellaneous Deposits.....	489,497.54	\$ 21,401.90	465,095.64	
Net Balance receivable from Agents.....	6,987.20	632.61	6,354.59	
Miscellaneous Accounts receivable.....	57,374.52	30,926.81	26,447.71	
Material and Supplies.....		20,987.41		\$ 20,987.41
Total Current Assets.....	\$1,033,859.26	\$ 76,948.73	\$ 956,910.53	
DEFERRED ASSETS.				
Other Deferred Assets:				
U. S. Government accounts.....		\$ 15,812.78		\$ 15,812.78
Other accounts.....	\$ 164.48	164.48		
Total Deferred Assets.....	\$ 164.48	\$ 15,977.26		\$ 15,812.78
UNADJUSTED DEBITS.				
Insurance Premiums paid in advance.....		\$ 22,561.50		\$ 22,561.50
Discount on Funded Debt.....	\$ 115,433.52		\$ 115,433.52	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	26,832.16	26,832.16		
Other Accounts.....		83.86		83.86
Total Unadjusted Debits.....	\$ 142,265.68	\$ 49,477.52	\$ 92,788.16	
Grand Totals.....	\$4,215,493.16	\$3,225,276.44	\$1,020,216.72	

LIABILITIES	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 500,000.00	\$1,000,000.00		\$500,000.00
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 6 Per Cent. Gold Bonds, Series A, due February 1, 1953.....	\$2,000,000.00	\$1,000,000.00	\$1,000,000.00	
Receiver's Certificates.....		69,529.05		\$ 69,529.05
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.....		883,333.33		883,333.33
Open Account—The Kansas City Southern Ry. Co.....	\$1,110,873.31	1,346,807.33		235,934.02
Total Long-term Debt.....	\$3,110,873.31	\$3,299,669.71		\$188,796.40
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 30,441.65	\$ 37,261.33		\$ 6,819.68
Unmatured Interest accrued.....	50,000.00	20,833.33	\$ 29,166.67	
Total Current Liabilities.....	\$ 80,441.65	\$ 58,094.66	\$ 22,346.99	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
U. S. Government accounts.....		\$ 72,172.03		\$ 72,172.03
Other accounts.....	\$ 37,002.50	9,651.49	\$ 27,351.01	
Total Deferred Liabilities.....	\$ 37,002.50	\$ 81,823.52		\$ 44,821.02
UNADJUSTED CREDITS.				
Other Unadjusted Credits:				
U. S. Government—Accrued Standard Return.....		\$ 78,107.12		\$ 78,107.12
Other accounts.....		1,585.93		1,585.93
Total Unadjusted Credits.....		\$ 79,693.05		\$ 79,693.05
Total Liabilities.....	\$3,728,317.46	\$4,519,280.94		\$790,963.48
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 108.00	\$ 108.00		
Profit and Loss credit balance.....	517,067.70	1,294,112.50*	\$1,811,180.20	
Total Corporate Surplus.....	\$ 517,175.70	\$1,294,004.50*	\$1,811,180.20	
Grand Totals.....	\$4,245,493.16	\$3,225,276.44	\$1,020,216.72	

*Deficit.

The above Balance Sheet as at December 31, 1923, in our opinion correctly shows the financial position of the Port Arthur Canal and Dock Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 21, 1924.

PRICE, WATERHOUSE & CO.

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1923

Table No. 26

	1923	1922
OPERATING REVENUES.		
INCIDENTAL	\$ 15,102.08	\$ 95,363.50
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES	\$ 3,784.56	\$ 75,151.36
TRANSPORTATION	3,208.75	16,384.94
MISCELLANEOUS OPERATIONS	2,845.31	36,040.54
GENERAL	237.00	634.00
Total Operating Expenses	\$ 10,075.62	\$ 128,210.84
Net Revenue from Operations	\$ 5,026.46	\$ 32,847.34*
TAX ACCRUALS	\$ 1,245.69	\$ 17,821.13
Total Operating Income	\$ 3,780.77	\$ 50,668.47*
NONOPERATING INCOME.		
Income from Lease of Road	\$ 30,824.29	.....
Miscellaneous Rent Income	2,907.63	\$ 1,271.73
Income from Unfunded Securities and Accounts	3,153.38	459.02
Total Nonoperating Income	\$ 36,885.30	\$ 1,730.75
Gross Income	\$ 40,666.07	\$ 48,937.72*
DEDUCTIONS FROM GROSS INCOME.		
Interest on Funded Debt	\$ 47,553.78	\$ 50,000.00
Interest on Unfunded Debt	874.63	1,501.02
Amortization of Discount on Funded Debt	1,256.89	.....
Total Deductions from Gross Income	\$ 49,685.30	\$ 51,501.02
Net Income—Deficit	\$ 9,019.23	\$ 100,438.74

*Deficit.

Profit and Loss Account for the Year Ended December 31, 1923

	DEBITS	CREDITS
Debit Balance at beginning of year	\$1,294,112.50	
Profit on Road and Equipment sold		\$ 6,706.52
Miscellaneous Credits		1,818,537.68
Loss on Retired Road and Equipment	225.00	
Miscellaneous Debits	4,819.77	
Debit Balance transferred from Income	9,019.23	
Credit Balance carried to Balance Sheet	517,067.70	
Totals	\$1,825,244.20	\$1,825,244.20

NOTE.—For Federal lap-over items, not included above, see page 59.

THE K. C. S. ELEVATOR COMPANY
Comparative General Balance Sheet, December 31, 1923

Table No. 27

ASSETS	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
INVESTMENTS.				
Property Investment	\$188,687.05	\$174,850.61	\$13,836.44	
CURRENT ASSETS.				
Cash	\$ 2,564.95	\$ 3,890.54		\$ 1,325.59
Miscellaneous Accounts receivable		1,875.00		1,875.00
Total Current Assets	\$ 2,564.95	\$ 5,765.54		\$ 3,200.59
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 660.10	\$ 1,317.81		\$ 657.71
Other Unadjusted Debits		103.00		103.00
Total Unadjusted Debits	\$ 660.10	\$ 1,420.81		\$ 760.71
Grand Totals	\$191,912.10	\$182,036.96	\$ 9,875.14	

LIABILITIES	DECEMBER 31, 1923	DECEMBER 31, 1922	INCREASE	DECREASE
CAPITAL STOCK.	\$ 25,000.00	\$ 25,000.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	\$131,604.03	\$110,544.03	\$21,060.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable	\$ 67.20	\$ 15,712.47		\$15,645.27
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
Moore-Seaver Grain Co.	\$121,407.23	\$101,000.00	\$20,407.23	
UNADJUSTED CREDITS.				
Tax Liability	\$ 700.00	\$ 740.04		\$ 40.04
Other Unadjusted Credits	1,250.00	1,250.00		
Total Unadjusted Credits	\$ 1,950.00	\$ 1,990.04		\$ 40.04
Total Liabilities	\$280,028.46	\$254,246.54	\$25,781.92	
CORPORATE DEFICIT.				
Profit and Loss debit balance	\$ 88,116.36	\$ 72,209.58	\$15,906.78	
Grand Totals	\$191,912.10	\$182,036.96	\$ 9,875.14	

The above Balance Sheet as at December 31, 1923, in our opinion correctly shows the financial position of The K. C. S. Elevator Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

134 SOUTH LA SALLE STREET,
CHICAGO, April 21, 1924.

PRICE, WATERHOUSE & CO.

THE K. C. S. ELEVATOR COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1923

Table No. 28

	1923	1922
OPERATING REVENUES.		
INCIDENTAL.....	\$13,825.45	\$ 7,500.00
Total Operating Revenues.....	\$13,825.45	\$ 7,500.00
OPERATING EXPENSES.		
MAINTENANCE.....	\$22,533.66	\$10,124.49
GENERAL.....	16.50	5.75
Total Operating Expenses.....	\$22,550.16	\$10,130.24
Net Revenue from Operations—Deficit.....	\$ 8,724.71	\$ 2,630.24
TAX ACCRUALS.....	1,033.51	490.80
Total Operating Income—Deficit.....	\$ 9,758.22	\$ 3,121.04
NONOPERATING INCOME.....	\$ 74.74	\$ 182.30
Gross Income—Deficit.....	\$ 9,683.48	\$ 2,938.74
DEDUCTIONS FROM GROSS INCOME.....	\$ 6,223.30	.....
Net Income—Deficit.....	\$15,906.78	\$ 2,938.74
Profit and Loss Account for the Year Ended December 31, 1923		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$72,209.58	
Debit Balance transferred from Income.....	15,906.78	
Debit Balance carried to Balance Sheet.....		\$88,116.36
Totals.....	\$88,116.36	\$88,116.36

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**

Combined Balance Sheet, December 31, 1923

Table No. 29

ASSETS			
INVESTMENTS.			
Investment in Road and Equipment		\$111,688,502.84	
Deposits in lieu of Mortgaged Property sold		1,535,260.41	
Miscellaneous Physical Property		1,060,028.42	
Investments in Affiliated Companies:			
Stocks	\$193,334.33		
Advances	174,374.51	367,708.84	
Other Investments:			
Stocks	\$ 97.00		
Notes	230.27		
Miscellaneous	2,001.00	2,328.27	
Total Investments			\$114,653,828.78
CURRENT ASSETS.			
Cash		\$ 2,130,919.67	
Special Deposits		2,027,957.60	
Loans and Bills receivable		11,949.00	
Traffic and Car-service Balances receivable		666,470.95	
Net Balance receivable from Agents and Conductors		165,221.27	
Miscellaneous Accounts receivable		712,161.06	
Material and Supplies		2,305,230.97	
Interest and Dividends receivable		4,542.40	
Other Current Assets (including U. S. Liberty Loan Bonds, at par, \$501,500.00)		822,481.29	
Total Current Assets			8,846,934.21
DEFERRED ASSETS.			
Working Fund Advances		\$ 12,438.13	
Other Deferred Assets		67,466.06	
Total Deferred Assets			79,904.19
UNADJUSTED DEBITS.			
Rents and Insurance Premiums paid in advance		\$ 14,569.85	
Property Abandoned chargeable to Operating Expenses		179,986.80	
Other Unadjusted Debits:			
U. S. Government—Income Guaranty	\$668,120.43		
Other accounts	534,849.73	1,202,970.16	
Total Unadjusted Debits			1,397,526.81
Grand Total			\$124,978,193.99

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Balance Sheet, December 31, 1923

Table No. 29

LIABILITIES			
CAPITAL STOCK.			
Common Stock:			
Book Liability.....	\$30,000,000.00		
Held by or for Company.....	40,100.00	\$29,959,900.00	
Preferred Stock:			
Book Liability.....	\$21,000,000.00		
Held by or for Company.....		21,000,000.00	
Total Capital Stock.....			\$ 50,959,900.00
GOVERNMENTAL GRANTS.			
Grants in Aid of Construction.....			511.70
LONG-TERM DEBT.			
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....		\$30,000,000.00	
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950..		18,000,000.00	
First Mortgage 4 Per cent. Gold Bonds of The Kansas City, Shreve- port and Gulf Terminal Company, due August 1, 1927.....	\$ 150,000.00		
Owned by Company.....	24,000.00	126,000.00	
First Mortgage 6 Per Cent. Gold Bonds, Series A, of Port Arthur Canal and Dock Company, due February 1, 1953.....		2,000,000.00	
Equipment Trust Series "D", 5 Per Cent. Gold Notes.....		124,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....		763,200.00	
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates.....		1,620,000.00	
Purchase Money Obligations secured by Bonds.....		33,705.40	
Total Long-term Debt.....			52,666,905.40
CURRENT LIABILITIES.			
Traffic and Car-service Balances payable.....		\$ 653,373.84	
Audited Accounts and Wages payable.....		1,851,148.46	
Miscellaneous Accounts payable.....		13,178.59	
Interest Matured unpaid.....		492,803.00	
Dividends Matured unpaid.....		7,349.00	
Funded Debt Matured unpaid.....		4,000.00	
Unmatured Dividends declared.....		210,000.00	
Unmatured Interest accrued.....		328,230.98	
Unmatured Rents accrued.....		13,532.20	
Other Current Liabilities.....		93,883.05	
Total Current Liabilities.....			3,667,499.12
DEFERRED LIABILITIES.			
Other Deferred Liabilities.....			595,457.03
UNADJUSTED CREDITS.			
Tax Liability.....		\$ 1,059,622.84	
Accrued Depreciation.....		1,355,909.53	
Other Unadjusted Credits.....		680,620.54	
Total Unadjusted Credits.....			3,096,152.91
CORPORATE SURPLUS.			
Additions to Property through Income and Surplus.....		\$ 375,642.72	
Appropriated Surplus not specifically invested.....		210,368.53	
Profit and Loss credit balance.....		13,405,756.58	
Total Corporate Surplus.....			13,991,767.83
Grand Total.....			\$124,978,193.99

NOTE.—In the above statement all intercompany accounts are eliminated, so that the Combined Balance Sheet shows the Liabilities to the public and the Assets available against the same.

We have examined the books and accounts of The Kansas City Southern Railway Company and its Subsidiary Companies for the year ended December 31, 1923, and we certify that the above Combined Balance Sheet is properly drawn up therefrom and in our opinion correctly sets forth the financial position of the Companies at that date.

134 SOUTH LA SALLE STREET,
CHICAGO, April 21, 1924.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Income Account for the Year Ended December 31, 1923

Table No. 30

OPERATING REVENUES.			
Freight.....	\$18,135,657.18		
Passenger.....	2,438,462.89		
Switching.....	841,409.67		
Excess Baggage.....	21,104.51		
Special Service Train.....	7,038.84		
Mail.....	246,704.27		
Express.....	501,736.30		
Other Freight-train.....	14,017.36		
Other Passenger-train.....	4,381.43		
Incidental.....	207,662.70		
Joint Facility.....	152,333.57		\$22,570,508.72
OPERATING EXPENSES.			
Maintenance of Way and Structures.....	\$ 3,599,831.66		
Maintenance of Equipment.....	4,301,082.36		
Traffic.....	534,269.75		
Transportation—Rail Line.....	7,453,308.28		
General.....	978,952.96		
Transportation for Investment—Cr.....	21,306.14		16,846,138.87
Net Revenue from Operation.....			\$ 5,724,369.85
Tax Accruals.....	\$ 1,459,484.74		
Uncollectible Railway Revenues.....	10,310.48		1,469,795.22
Total Operating Income.....			\$ 4,254,574.63
NONOPERATING INCOME.			
Rent from Locomotives.....	\$ 62,941.92		
Rent from Passenger-train Cars.....	30,462.31		
Rent from Work Equipment.....	5,745.80		
Joint Facility Rent Income.....	199,584.90		
Income from Lease of Road.....	891,034.58		
Miscellaneous Rent Income.....	29,146.29		
Miscellaneous Nonoperating Physical Property.....	28,984.85		
Dividend Income.....	2,212.67		
Income from Funded Securities.....	Dr. 2,503.17		
Income from Unfunded Securities and Accounts.....	113,936.99		
Miscellaneous Income:			
Revenues Prior to January 1, 1918.....	\$ 59.55		
Other Miscellaneous Income.....	446.59	506.14	1,362,053.28
Gross Income.....			\$ 5,616,627.91
DEDUCTIONS FROM GROSS INCOME.			
Hire of Freight Cars—Debit balance.....	\$ 682,249.86		
Rent for Locomotives.....	52,045.34		
Rent for Passenger-train Cars.....	83,431.67		
Rent for Work Equipment.....	4,057.59		
Joint Facility Rents.....	277,692.16		
Miscellaneous Rents.....	982.80		
Miscellaneous Tax Accruals.....	1,152.49		
Interest on Funded Debt.....	1,879,954.39		
Interest on Unfunded Debt.....	Cr. 96,550.23		
Miscellaneous Income Charges:			
Expense Prior to January 1, 1918.....	\$ 124.23		
Current Charges.....	27,337.60	27,461.83	2,912,477.90
Net Income.....			\$ 2,704,150.01
DIVIDEND APPROPRIATIONS OF INCOME.			
Dividends on Preferred Stock.....			840,000.00
Income Balance transferred to Profit and Loss.....			\$ 1,864,150.01
Combined Profit and Loss Account for the Year Ended December 31, 1923			
	DEBITS	CREDITS	
Credit Balance at beginning of year.....		\$11,880,443.38	
Credit Balance transferred from Income.....		1,864,150.01	
Profit on Road and Equipment sold.....		6,289.44	
Unrefundable Overcharges.....		8,026.66	
Donations.....		24,072.41	
Miscellaneous Credits.....		1,229,488.09	
Surplus Appropriated for Investment in Physical Property.....	\$ 24,072.41		
Debt Discount Extinguished through Surplus.....	49,043.84		
Loss on Retired Road and Equipment.....	9,361.46		
Reserves for Property Replacement.....	1,819.62		
Miscellaneous Debits.....	1,522,416.08		
Credit Balance carried to Balance Sheet.....	13,405,756.58		
Totals.....	\$15,012,469.99	\$15,012,469.99	

APPENDIX

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to January 1, 1918, and Credited by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....		\$59.55
Total Revenues Prior to January 1, 1918.....		\$59.55

Statement of Expenses, Etc., Accrued Prior to January 1, 1918, and Charged by the United States Railroad Administration to the Railway Companies

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF EQUIPMENT	\$10.25	
TRANSPORTATION—RAIL LINE.....	Cr. 19.26	
TRANSPORTATION FOR INVESTMENT—Cr.....	Dr. 1.62	Cr. \$ 7.39
UNCOLLECTIBLE RAILWAY REVENUES.....		Cr. 1.58
Hire of Freight Cars—Debit balance.....		133.20
Total Expenses Prior to January 1, 1918.....		\$124.23

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Railway Companies to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	Dr. \$39,177.21	
Passenger.....	Dr. 43.39	
Switching.....	283.00	Dr. \$38,937.60
INCIDENTAL.....		9,791.57
Total Revenues Prior to March 1, 1920.....		Dr. \$29,146.03

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railway Companies to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$57,677.89	
MAINTENANCE OF EQUIPMENT.....	501.15	
TRAFFIC.....	327.24	
TRANSPORTATION—RAIL LINE.....	Cr. 3,979.01	
GENERAL.....	Cr. 898.58	
TRANSPORTATION FOR INVESTMENT—Cr.....	Dr. 340.97	\$53,969.66
UNCOLLECTIBLE RAILWAY REVENUES.....		622.08
Total Expenses Prior to March 1, 1920.....		\$54,591.74

THE ARKANSAS WESTERN RAILWAY COMPANY

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Railway Company to the United States Railroad Administration

RAILWAY OPERATING REVENUES.			
TRANSPORTATION—RAIL LINE:			
Freight.....	\$26.49		
Passenger.....	Dr. 3.28		\$23.21
Total Revenues Prior to March 1, 1920.....			\$23.21

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railway Company to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.			
MAINTENANCE OF WAY AND STRUCTURES.....	Cr. \$537.51		
TRANSPORTATION—RAIL LINE.....	1.50	Cr.	\$536.01
UNCOLLECTIBLE RAILWAY REVENUES.....			3.91
Total Expenses Prior to March 1, 1920.....		Cr.	\$532.10

THE POTEAU VALLEY RAILROAD COMPANY

Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the Railroad Company to the United States Railroad Administration

RAILWAY OPERATING REVENUES.			
TRANSPORTATION—RAIL LINE:			
Freight.....		Dr.	\$6.00
Total Revenues Prior to March 1, 1920.....		Dr.	\$6.00

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the Railroad Company to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.			
MAINTENANCE OF WAY AND STRUCTURES.....		Cr.	\$71.06
Total Expenses Prior to March 1, 1920.....		Cr.	\$71.06

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY

**Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the
Terminal Company to the United States Railroad Administration**

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES		\$6.37
Total Expenses Prior to March 1, 1920		\$6.37

PORT ARTHUR CANAL AND DOCK COMPANY

**Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the
Canal and Dock Company to the United States Railroad Administration**

OPERATING REVENUES.		
INCIDENTAL	Dr.	\$358.68
Total Revenues Prior to March 1, 1920	Dr.	\$358.68

**Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the
Canal and Dock Company to the United States Railroad Administration**

OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES		\$16.50
Total Expenses Prior to March 1, 1920		\$16.50

Pandick Press, Inc
22 Thames Street
New York
N. Y.



1924

TWENTY-FIFTH ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1924

TWENTY-FIFTH ANNUAL REPORT

OF

**THE KANSAS CITY SOUTHERN
RAILWAY COMPANY**

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1924

cf

CORPORATE ORGANIZATION

DIRECTORS

L. F. LOREE, Chairman of the Board, New York.			
G. C. HAND,	New York.	JOSEPH F. STILLMAN,	New York.
WILLIAM C. LOREE,	New York.	W. G. STREET,	New York.
SAMUEL MCROBERTS,	New York.	ARTHUR TURNBULL,	New York.
ANDREW J. MILLER,	New York.	J. A. EDSON,	Kansas City, Mo.
JOHN SORENSON,	New York.	GEO. M. MYERS,	Kansas City, Mo.
MASON B. STARRING,	New York.	EDWARD F. SWINNEY,	Kansas City, Mo.
Two vacancies.			

EXECUTIVE COMMITTEE

L. F. LOREE, Chairman,		
ANDREW J. MILLER,		WILLIAM C. LOREE (Acting),
ARTHUR TURNBULL,		JOSEPH F. STILLMAN (Acting).

OFFICERS

J. A. EDSON,	President.....	Kansas City, Mo.
A. M. CALHOUN,	Vice-President and Assistant to the President.....	Kansas City, Mo.
G. B. WOOD,	Assistant to the President.....	Kansas City, Mo.
G. P. WILLIAMS,	Assistant to the President.....	Beaumont, Tex.
J. F. HOLDEN,	Vice-President in Charge of Traffic.....	Kansas City, Mo.
H. A. WEAVER,	General Freight Agent.....	Kansas City, Mo.
S. G. WARNER,	General Passenger and Ticket Agent.....	Kansas City, Mo.
G. C. HAND,	Vice-President and Secretary.....	New York.
G. W. MULLER,	Assistant Secretary and Transfer Agent.....	New York.
B. B. SANFORD,	Assistant Secretary.....	New York.
L. J. HENSLEY,	Comptroller and Assistant Secretary.....	Kansas City, Mo.
I. C. MCGEE,	Treasurer.....	Kansas City, Mo.
J. M. SALTER,	Assistant Treasurer.....	Kansas City, Mo.
J. J. WEISS,	Assistant Treasurer.....	New York.
SAMUEL UNTERMYER,	Counsel.....	New York.
S. W. MOORE,	General Counsel.....	New York.
F. H. MOORE,	General Solicitor.....	Kansas City, Mo.
A. F. SMITH,	Assistant General Solicitor.....	Kansas City, Mo.
W. E. DAVIS,	Commerce Counsel.....	Kansas City, Mo.
C. E. JOHNSTON,	Vice-President and General Manager.....	Kansas City, Mo.
E. H. HOLDEN,	General Superintendent of Transportation.....	Kansas City, Mo.
W. N. DERAMUS,	Superintendent of Car Service.....	Kansas City, Mo.
O. CORNELISEN,	Superintendent, Northern Division.....	Pittsburg, Kas.
E. S. HILL,	Superintendent, Southern Division.....	Texarkana, Tex.
A. N. REECE,	Chief Engineer.....	Kansas City, Mo.
M. A. HALL,	Superintendent of Machinery.....	Pittsburg, Kas.
J. M. PRICKETT,	Superintendent of Personnel.....	Kansas City, Mo.
B. B. BRAIN,	Purchasing Agent.....	Kansas City, Mo.

Stocks are transferred and Bonds registered or transferred at the New York Office.

NEW YORK OFFICE, 25 Broad Street.

GENERAL OFFICES, Kansas City, Mo.

KANSAS CITY, Mo., MAY 25, 1925.

To the Stockholders of

THE KANSAS CITY SOUTHERN RAILWAY COMPANY:

The twenty-fifth annual report of the affairs of your Company, being for the year ended December 31, 1924, is herewith presented.

SUMMARY OF OPERATIONS.

That portion of the system lying within the State of Texas, the mileage of which is included in the operated mileage of your Company, is operated separately by its owner, the Texarkana and Fort Smith Railway Company, which maintains its own general offices and books of account at Texarkana, Texas, in accordance with the State law. The reports of that company are, however, combined with those of the parent Company in so far as necessary to enable a comprehensive survey of operations for the entire line from Kansas City to the Gulf.

The succeeding statement shows the results of operation for the year, compared with such results for the preceding year:

	1924		1923		INCREASE	DECREASE
AVERAGE MILEAGE OPERATED.....	854.09		841.55		12.54	
RAILWAY OPERATING REVENUES.						
Freight.....	\$16,927,685.08	80.52%	\$18,086,261.74	80.44%		\$1,158,576.66
Passenger.....	2,054,818.99	9.77	2,422,776.58	10.78		367,957.59
Excess Baggage.....	19,101.02	.09	20,948.60	.09		1,847.58
Mail.....	248,510.81	1.18	244,213.64	1.09	\$ 4,297.17	
Express.....	471,540.55	2.24	500,056.48	2.22		28,515.93
Other Passenger-train.....	4,785.29	.02	4,365.02	.02	420.27	
Switching.....	846,971.93	4.03	841,409.67	3.74	5,562.26	
Special Service Train.....	7,811.03	.04	7,038.84	.03	772.19	
Other Freight-train.....	3,525.43	.02	14,017.36	.06		10,491.93
Incidental and Joint Facility.....	439,262.07	2.09	344,011.16	1.53	95,250.91	
Total.....	\$21,024,012.20	100.00%	\$22,485,099.09	100.00%		\$1,461,086.89
RAILWAY OPERATING EXPENSES.						
Maintenance of Way and Structures.....	\$ 2,972,755.36	14.14%	\$ 3,547,640.63	15.78%		\$ 574,885.27
Maintenance of Equipment.....	3,858,494.40	18.35	4,274,864.58	19.01		416,370.18
Traffic.....	577,128.07	2.75	533,644.04	2.37	\$ 43,484.03	
Transportation.....	6,794,325.37	32.32	7,401,645.16	32.92		607,319.79
Miscellaneous Operations.....	34,112.80	.16	17,654.71	.08	16,458.09	
General.....	1,037,122.52	4.93	954,668.43	4.24	82,454.09	
Transportation for Investment—Cr.....	17,409.89	.08	21,306.14	.09		\$,896.25
Total.....	\$15,256,528.63	72.57%	\$16,708,811.41	74.31%		\$1,452,282.78
NET REVENUE FROM RAILWAY OPERATIONS.....	\$ 5,767,483.57	27.43%	\$ 5,776,287.68	25.69%		\$ 8,804.11
RAILWAY TAX ACCRUALS.....	\$ 1,280,810.79	6.09%	\$ 1,435,907.45	6.39%		\$ 155,096.66
UNCOLLECTIBLE RAILWAY REVENUES.....	5,291.85	.02	10,310.25	.04		5,018.40
RAILWAY OPERATING INCOME.....	\$ 4,481,380.93	21.32%	\$ 4,330,069.98	19.26%	\$151,310.95	
EQUIPMENT RENTS—Net debit.....	\$ 555,208.23		\$ 686,295.32			\$ 131,087.09
JOINT FACILITY RENTS—Net debit.....	61,796.07		106,673.86			44,877.79
NET RAILWAY OPERATING INCOME.....	\$ 3,864,376.63		\$ 3,537,100.80		\$327,275.83	
RATIO OF OPERATING EXPENSES AND TAXES TO OPERATING REVENUES.....		78.66%		80.70%		2.04%

OPERATING REVENUES.

The decrease of \$1,461,086.89 in Operating Revenues resulted from the following causes:

DECREASES IN OPERATING REVENUES.

Freight Revenue:

Due to reduction in the movement of crude petroleum from Oklahoma fields to Lockport, Ill., which was diverted to pipe lines in May, 1924, after being handled by rail for about ten years.....	\$299,310.76	
Due to reduction in the movement of asphalt from the Port Arthur district.....	70,553.30	
Due to reduction in the movement of bituminous coal from Arkansas and Oklahoma fields.....	49,718.69	
Due to reduction in the movement of pine lumber to the North and East, and increased movement to southern points in Texas and Oklahoma, resulting in a shorter average haul on your line.....	347,102.98	
Due to reduction in the movement of other lumber, timber, box shooks, etc.....	63,411.00	
Due to reduction in the movement of cross ties.....	37,192.83	
Due to reduction in the movement of sugar and molasses from Louisiana and New Orleans territory on account of lower rates established via the Mississippi River barge line through Memphis, Cairo and St. Louis, and of preferential arrangements between the barge line and other railroads.....	109,414.15	
Due to reduction in the movement of iron and steel pipe to Oklahoma, Texas and Louisiana oil fields, the new fields opened in 1924 lying in Western Oklahoma and in the Smackover district of Arkansas, reached by other lines directly, where in some cases rates in connection with your Company do not apply....	132,800.13	
Due to reduction in the movement of structural iron, bar and sheet iron, castings, machinery and boilers, brick and stone, and other building material, used largely in 1923 by oil refineries located in the Sabine district for plant extension and new construction.....	361,105.14	
Due to reduction in the movement of live stock, principally cattle and hogs, on account of market conditions and diminished supply in the agricultural territory served by your line.....	50,931.13	
Due to competition of motor trucks in the handling of merchandise.....	81,588.02	
Miscellaneous net decreases.....	195,068.52	
Increase in the movement of refined petroleum and its products, due to greater consumption and increased capacity of refineries located on your line.....	456,227.49	
Increase in the movement of products of agriculture, due principally to the greater volume of wheat for export handled through Gulf ports.....	183,392.50	\$1,158,576.66

Passenger Revenue:

Due to reduction in local traffic, caused by the construction of new highways and the use of motor vehicles.....	\$279,714.28	
Due to reduction in the movement of Mexican laborers to northern sugar beet fields.....	44,149.40	
Due to reduction in interline passenger traffic.....	45,521.22	369,384.90

Express Revenue:

Due to reduction in the movement of strawberries, caused by drouth.....	28,515.93
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Mail Revenue:

Increase due to the use of more space by the United States Post Office Department.....	4,297.17
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Switching Revenue:

Increase due principally to the switching from refineries in the Sabine district of oil destined to New Orleans, St. Rose, Kassel and Baton Rouge, La., for export.....	5,562.26
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Miscellaneous net decreases.....	9,719.74
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Incidental and Joint Facility:

Increase due to the inclusion in the accounts of your Company, as a joint owner, of a proportion of the revenues of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive	95,250.91
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Net decrease in Operating Revenues.....	<u>\$1,461,086.89</u>
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OPERATING EXPENSES.

The decrease of \$1,452,282.78 in Operating Expenses resulted from the following causes:

DECREASES IN OPERATING EXPENSES.

Maintenance of Way and Structures:

Due to adjustments in the accounts made in 1923 by direction of the Interstate Commerce Commission.....	\$360,735.59	
Due to replacement of the Arkansas River Bridge in 1923.....	154,627.22	
Due to reduction in expenses for track labor.....	119,125.44	
Due to reduction in cost of repairs to station and office buildings, fuel and water stations, and roadway buildings.....	40,870.77	
Miscellaneous net decreases.....	1,701.41	
Increase due to improvements in shop facilities.....	46,508.84	
Increase due to dredging slips at Port Arthur, Tex.....	24,416.32	
Increase due to the greater number of treated cross ties used in renewals.....	31,250.00	\$574,885.27

Maintenance of Equipment:

Due to reduction in cost of repairs to locomotives on account of decline in traffic, viz.:		
Heavy repairs.....	\$219,306.60	
Running repairs.....	171,922.37	\$391,228.97
Due to reduction in repairs to freight cars by foreign lines.....	13,387.44	
Due to reduction in repairs to passenger-train cars.....	8,036.92	
Due to reduction in heavy repairs to work equipment.....	25,397.31	
Due to miscellaneous expenses incurred in previous year because of the shopmen's strike in 1922.....	89,788.89	
Miscellaneous net decreases.....	19,341.77	
Increase in charges for depreciation, due to the acquisition of locomotives and cars under Equipment Trust Agreement, Series "E", and the reconstruction of other equipment.....	83,388.02	
Increase in expenses for maintenance, due to improvements of power plant machinery.....	21,296.80	
Increase due to the inclusion in the accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	26,126.30	416,370.18

Traffic:

Increase in expenses of supervision.....	\$ 11,727.35	
Increase in solicitation forces.....	28,336.43	
Miscellaneous net increases.....	3,420.26	43,484.03

Transportation:

Due to reduction in expenses of dispatching trains.....	\$ 10,372.41	
Due to curtailment of train service.....	204,555.42	
Due to reduction in the price of fuel.....	\$107,760.00	
Due to reduction in the quantity of fuel consumed.....	257,897.65	
Due to adjustment in the value of fuel on hand.....	10,221.37	375,879.02
Due to reduction in casualties.....	71,528.15	
Due to reduction in cost of insurance.....	11,416.87	
Increase due to the inclusion in the accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	56,447.40	
Miscellaneous net increases.....	9,984.68	607,319.79

Miscellaneous Operations:

Increase in expenses of operating grain elevator at Port Arthur, Tex.....	\$ 14,153.11	
Increase due to the inclusion in the accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	2,304.98	16,458.09
Carried Forward.....		\$1,538,633.12

Brought Forward..... \$1,538,633.12

General:

Increase in expenses for General Officers.....	\$ 12,563.06	
Increase in wages of General Office clerks, due to the decision of the United States Railroad Labor Board, effective October 16, 1923.....	13,506.86	
Increase in rent and miscellaneous expenses, due to the enlargement of the general offices at Kansas City, Mo.....	17,230.54	
Increase in law expenses.....	12,185.32	
Increase in valuation expenses, due to the reappraisal of lands owned or controlled by your Company.....	15,347.78	
Increase due to the inclusion in the accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	4,627.11	
Miscellaneous net increases.....	6,993.43	82,454.09

Transportation for Investment—Cr.:

Due to the smaller quantity of materials conveyed in revenue trains for construction purposes..	3,396.25
Net decrease in Operating Expenses.....	\$1,452,282.78

The regulations of the Interstate Commerce Commission, in effect July 1, 1914, require that when men or materials employed in construction are conveyed in revenue trains, the estimated cost of their transportation shall be credited to operating expenses and charged to the appropriate investment account. No revenue charge was made by the Company against material used in operations.

TAXES.

Following is a statement of charges on account of taxes, compared with the preceding year:

	1924	1923	Decrease
State, county and municipal taxes.....	\$ 914,335.08	\$ 958,584.53	\$ 44,249.45
Federal income taxes.....	351,154.21	460,276.42	109,122.21
Federal capital stock tax.....	15,321.50	17,046.50	1,725.00
Totals.....	\$1,280,810.79	\$1,435,907.45	\$155,096.66

The decrease in State, county, and municipal taxes is due to the adjustment of reserves in the previous year for assessments in the State of Oklahoma.

The decrease in Federal income taxes is due to the adjustment of reserves in the previous year, occasioned by the settlement made with the United States Railroad Administration on account of the Federal control period.

REVENUE TONNAGE.

The revenue tonnage movement for the year, as compared with that of the year preceding, was as follows:

For the year ended December 31, 1923.			
Revenue Tons one mile—North.....	972,288,648		
Revenue Tons one mile—South.....	711,725,741	1,684,014,389	
For the year ended December 31, 1924.			
Revenue Tons one mile—North.....	845,545,261		
Revenue Tons one mile—South.....	696,700,176	1,542,245,437	
Decrease in Revenue Tons one mile.....		141,768,952	

WAGE ADJUSTMENTS.

Adjustments in the wages of employes of your Company were made during the year as below stated:

Decision No. 2688, rendered by the United States Railroad Labor Board November 29, 1924, provided for an increase of approximately 5 per cent. in the wages of enginemen, contingent upon their acceptance of certain regulations stipulated therein. The enginemen of your Company rejected the award. Your management thereupon negotiated with the said employes, and an agreement was reached, under which an increase substantially the same as that covered by the above-mentioned decision was granted, effective September 1, 1924. Certain restrictive working rules were also modified, and it is expected that the revision will prove beneficial to the Company. It is estimated that this agreement will increase the pay rolls to the extent of \$46,245.00 per annum.

On April 8, 1924, the Conference Committee of Managers, acting on behalf of your Company and others in the western territory, conferred with representatives of the trainmen and yardmen, and concluded an agreement with those employes, under which an increase of approximately 5 per cent. was granted in the rates of pay, effective April 1, 1924. It is estimated that this agreement will increase the pay rolls about \$70,790.00 per annum.

An increase of approximately 9 per cent. in the wages of train porters was also granted, effective April 1, 1924. It is estimated that the aggregate increase in the pay rolls will amount of \$2,280.00 per annum.

COST OF SUPPLIES.

The prices of supplies consumed in operation and of materials used in construction and maintenance, fluctuated between somewhat narrow limits. In some instances there were increases, while in others there were recessions. The price of coal sustained an advance of .84 per cent., and that of fuel oil declined 8.23 per cent. The appended exhibit shows the approximate average changes in the costs of principal materials in comparison with the preceding year:

DESCRIPTION OF MATERIAL.	Increase
MAINTENANCE OF WAY AND STRUCTURES:	
Angle Bars.....	3.6%
Anti-Creepers—Rail.....	18.1
Bolts—Treated Track.....	5.3*
Cross Ties—White Oak.....	5.0*
Frogs, Crossings and Switch Material.....	....
Hand Cars.....	1.4*
Lumber—White Oak.....	....
Lumber—Yellow Pine.....	....
Paint—Bridge and Metal.....	1.2*
Paint—Depot and Building.....	3.0*
Push Cars.....	2.5
Rail—Standard Open Hearth.....	7.5
Roofing—Texaco.....	....
Shingles—Cypress.....	1.8
Shovels—Track.....	....
Spikes—Track.....	2.7*
Tie Plates.....	1.9
Tools—Roadway.....	....
Wire—Barbed.....	6.0

MAINTENANCE OF EQUIPMENT:

Air Brake Hose.....	4.3%
Air Brake Material.....	....
Asbestos and Magnesia Material.....	1.5
Axles—Engine.....	1.7*
Babbitt.....	6.2
Belting—Leather.....	....
Bolts—Machine.....	4.9
Brake Beams—Metal, Freight.....	6.5
Brick—Fire.....	4.7*
Brooms.....	35.3*
Brushes.....	16.0
Car and Locomotive Replacers.....	6.0*
Castings—Grey Iron.....	4.5
Castings—Malleable Iron.....	9.7*
Castings—Steel.....	4.1
Copper—Sheet.....	10.0*
Copper Ferrules.....	5.0*
Couplers.....	8.7*
Flues.....	3.2*
Iron—Merchants Bar.....	8.1*
Iron—Staybolt.....	5.3
Journal Boxes.....	7.5*
Lumber—White Oak.....	5.1*
Lumber—Yellow Pine.....	3.9*
Nails—Common Wire.....	1.7*
Nuts—Hot Pressed.....	19.8*
Paint—Freight Car.....	....
Pipe—Merchants Black Steel.....	2.4
Rivets.....	14.3*
Roofing—Galvanized Car.....	....
Springs—Elliptical.....	11.7*
Springs—Helical.....	10.4*
Steel—Fire Box Sheet.....	13.2*
Steel—Tank Sheet.....	13.2*
Tires—Locomotive Driving.....	3.4
Tools—Shop.....	....
Upholstering Material.....	1.8*
Waste—Cotton, Colored, No. 1.....	5.5
Wheels—Cast.....	2.0*

(*) Decrease.

CONDITION OF EQUIPMENT.

The programme for the rehabilitation of equipment was carried forward. During the year 1,496 cars were put into good condition, while 228 were dismantled and written out of the property account.

MILES OF RAILROAD.

The track mileage operated by your Company at the end of the year was as below stated:

	First Main Track	Second Main Track	Other Tracks	All Tracks
Main Line Owned or Controlled.....	777.06	15.18	437.74	1,229.98
Branch Lines Owned or Controlled.....	60.76	....	18.70	79.46
Total Mileage Owned or Controlled.....	837.82	15.18	456.44	1,309.44
Lines Operated under Trackage Rights.....	16.27	5.11	13.76	35.14
Total Mileage Operated.....	854.09	20.29	470.20	1,344.58

The total track mileage of the system was increased from 1,323.64 to 1,349.90, making a net change of 26.26 miles, which consists of the following items:

ADDITIONS:

Lawton, Kas., to Shawnee Creek, Kas.....	5.15	miles
Account relocation of line, Spiro, Okla., to Fort Smith, Ark.....	.26	"
Yard, Terminal, Industrial and Side Tracks owned (net).....	10.97	"
Lines operated under trackage rights.....	9.88	"
Total Increase.....	<u>26.26</u>	<u>miles</u>

EQUIPMENT.

The Rolling Equipment owned or otherwise controlled on December 31, 1924, consisted of:

	Owned	Under Trust	Total
Locomotives.....	171	13	184
Passenger-train Cars.....	83	....	83
Freight-train Cars in Commercial Service.....	3,611	798	4,409
Freight-train Cars in Work Service.....	572	....	572
Cabooses.....	76	....	76
Work Equipment.....	40	....	40
Total Units.....	<u>4,553</u>	<u>811</u>	<u>5,364</u>

In addition to this railroad property, its rights of way, real estate, buildings, equipment and appurtenances, the Company controls, by virtue of its ownership of securities, all the property of the following corporations, viz.:

THE ARKANSAS WESTERN RAILWAY COMPANY.

A standard-gauge line from Heavener, Oklahoma, to Waldron, Arkansas, 32.33 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock and bonds.

THE POTEAU VALLEY RAILROAD COMPANY.

A standard-gauge line from Shady Point, Oklahoma, to Calhoun, Oklahoma, 6.67 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY.

Union depot property at Shreveport, Louisiana, including its real estate, buildings, and 1.58 mile of yard and terminal track; controlled by your Company through ownership of all the capital stock and \$24,000.00 face amount of bonds.

PORT ARTHUR CANAL AND DOCK COMPANY.

Lands, slips, docks, wharves, warehouses, one grain elevator (capacity 500,000 bushels), etc., all at Port Arthur, Texas; controlled by your Company through ownership of all the capital stock.

Under an agreement entered into as of February 1, 1923, all the property of the Port Arthur Canal and Dock Company is leased to the Texarkana and Fort Smith Railway Company, and operated directly by the Railway Company pursuant to the terms of the lease.

THE K. C. S. ELEVATOR COMPANY.

One grain elevator, of capacity 1,070,000 bushels, situated at Kansas City, Missouri; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS AND MISSOURI RAILWAY AND TERMINAL COMPANY.

During the year your Company acquired, through the purchase of all the outstanding capital stock and bonds, control of The Kansas and Missouri Railway and Terminal Company. This company operates a switching line in and through Kansas City, Kansas, which connects with the present terminal tracks of your Company and forms an intermediate connection between your line and a substantial interurban line serving an industrial territory from Kansas City, Kansas, to Lawrence, Kansas, a distance of about 35 miles. Its property, the construction of which was completed on June 30, 1924, consists of 5.60 miles of main track and 4.29 miles of yard and side tracks. It is believed that this switching line will form a valuable addition to the terminal facilities of your Company.

THE UNION LAND COMPANY.

A company owning 126.04 acres of land in and adjacent to Kansas City, Kansas, and North Kansas City, Missouri, suitable for industrial sites. All the capital stock of the Land Company is owned by The Kansas and Missouri Railway and Terminal Company, and control of the Land Company was thus acquired through the purchase of the Terminal Company.

ADDITIONS AND BETTERMENTS.

Net expenditures were made for Additions and Betterments to road and equipment in the amounts following:

For Road.....	\$1,342,376.62	
For Equipment.....	148,017.55	<u>\$1,490,394.17</u>

A classified schedule of such expenditures is presented in the statistical section of this report.

The bridges, trestles and culverts of your road were improved by increasing the length of steel bridges from 23,173 feet to 23,503 feet; increasing the length of concrete bridges from 225 feet to 252 feet; increasing the length of trestles from 63,876 feet to 64,380 feet; decreasing the number of cast iron pipe culverts from 611 to 610, and by increasing the number of concrete pipe culverts from 177 to 202. A table showing the progressive improvements made in bridges and culverts from June 30, 1900, to December 31, 1924, appears in the statistical section.

The ballasting was reinforced in various locations at a cost of \$163,981.04. The condition of your main line with respect to ballast at the end of the year is shown by the succeeding tabulation:

Section of 6 inches or more under ties.....	716.41 miles
Section of less than 6 inches under ties.....	60.65 "
Total main line mileage owned.....	<u>777.06 miles</u>

New 85-pound rail was laid in your main line between Mile Posts 317 and 339 in substitution for 80-pound steel, 20.7 miles. The weights of rail in your main line at the end of the year, including adjustments and corrections of measurements, are as shown by the tabulation below:

Rail weighing 85 pounds per yard.....	759.04 miles
Rail weighing 80 pounds per yard.....	16.57 "
Rail weighing less than 80 pounds per yard.....	1.45 "
Total main line mileage owned.....	<u>777.06 miles</u>

Work was continued upon the schedule for the reinforcement of track through the application of tie plates, with a view to stability, permanence and economy of maintenance. The expenditure for this purpose was \$96,574.72.

New station buildings, required by public authority or made necessary by the demands of traffic, have been erected at the following locations, and expenditures therefor made in the amounts stated:

	Prior to 1924	1924	Total
DeQuincy, La.....	\$45,119.14	\$ 848.65	\$45,967.79
Lake Charles, La.....	.....	18,944.38	18,944.38
Totals.....	<u>\$45,119.14</u>	<u>\$19,793.03</u>	<u>\$64,912.17</u>

Other principal items of additions to and betterments of your property, together with the amounts expended therefor, are as follows:

	Prior to 1924	1924	Total
Shop improvements at Pittsburg, Kas.			
Land for enlarged facilities.....	\$ 42,737.12	\$ 21,368.22	\$ 64,105.34
Extension to machine shop.....	149,518.54	4,599.77	154,118.31
Extension to blacksmith shop.....	60,531.88	900.41	61,432.29
Extension to enginehouse.....	38,219.23	80,261.61	118,480.84
New machinery and tools.....	36,792.87	140,330.06	177,122.93
Additional tracks in shop yards.....	14,762.97	13,122.74	27,885.71
Sewers.....	23,799.06	3,459.76	27,258.82
New building for offices, and lockers and wash rooms for engine-men.....	265.47	15,500.46	15,765.93
Twin span deck 105 ft. turntable, electric tractor and dead engine hauler.....	.....	35,940.81	35,940.81
Grading property south of present shops.....	.....	9,610.54	9,610.54
Shop improvements at DeQueen, Ark.			
Tubular boilers in power house annex to roundhouse.....	.....	4,471.32	4,471.32
Shop improvements at Shreveport, La.			
New machinery and tools.....	.....	25,641.56	25,641.56
Twin span deck 105 ft. turntable, electric tractor and dead engine hauler.....	.....	32,432.63	32,432.63
Bailey meters for measuring steam, air and gas.....	.....	4,489.14	4,489.14
New or improved fuel oil stations.			
Pittsburg, Kas.....	11,445.10	29,372.23	40,817.33
Watts, Okla.....	4,249.52	24,291.94	28,541.46
Extension of Asbury-Lawton Branch 8.8 miles, including 2 passing tracks, to connect with the K., O. & G. Ry. at Military, Kas., and reach lead and zinc districts.....	152,249.76	169,227.18	321,476.94
New bridge over Arkansas River of Cooper E-60 loading to replace structure of E-31 loading.....	254,147.69	16,274.36	270,422.05
Carried Forward.....	<u>\$ 788,719.21</u>	<u>\$631,294.74</u>	<u>\$1,420,013.95</u>

Brought Forward.....	\$ 788,719.21	\$631,294.74	\$1,420,013.95
Land for proposed shop facilities and transportation yard at Dowling, located between Beaumont and Port Arthur, Tex.....	31,438.51	7,503.00	38,941.51
Extension of 54 passing tracks and construction of 4 new ones.....	242,575.59	61,251.44	303,827.03
Construction of Henning and Gilbert track along the Sabine-Neches Canal near Port Neches and Port Arthur, Tex.....	189,088.54	25,858.68	214,947.22
Relocation of main line near Braden, Okla., on the Fort Smith Branch	22,626.22	17,161.70	39,787.92
Construction of retards along the right bank of the Arkansas River near Mile Post 309.....	53,792.31	17,607.59	71,399.90
Automatic train control system between south passing track switch at Oskaloosa, Mo., and north yard switch at Pittsburg, Kas., and necessary apparatus on 5 locomotives.....	.....	36,221.61	36,221.61
Construction of 8,412 ft. main spur to Douglas Island Industrial dis- trict at Shreveport, La.; two 1,500 ft. interchange tracks; 3,108 ft. industry spur, and grading culverts and right of way for 2,713 ft. spur.....	.....	36,796.81	36,796.81
Construction of 37,933 ft. of new yard track and increasing weight of rail in various tracks at Port Arthur, Tex.....	.....	109,989.81	109,989.81
Totals.....	<u>\$1,328,240.38</u>	<u>\$943,685.38</u>	<u>\$2,271,925.76</u>

The expenditures for additions and betterments include the cost of a number of new sidings to serve industries not heretofore reached by your tracks and to accommodate new industries in process of establishment.

The following is a list of such industry tracks, some of which have been completed, and others are in the course of construction:

NEW TRACKS TO SERVE NEW INDUSTRIES.

COMPLETED:

Ralston Purina Co.....	Kansas City, Mo.
Black, Sivalls & Bryson, Inc.....	Kansas City, Mo.
Wallace & Carpenter Coal & Feed Co.....	Sugar Creek Junction, Mo.
Diven Canning Co.....	Siloam Springs, Ark.
Williams Lafin Sand & Gravel Co.....	Mile 430.
Standard Oil Co.....	Ashdown, Ark.
Twin City Lumber & Shingle Co.....	Texarkana, Tex.
Standard Oil Co.....	Vivian, La.
Police Jury, Caddo Parish.....	Mile 554.
Kaucher & Hodges Co.....	Gas Center, La.
Texas Pipe Line Co.....	Cedar Grove, La.
Pitre & Welsh.....	Leesville, La.
DeRidder Service Station.....	DeRidder, La.
Edgewood Land & Logging Co.....	Seale, La.
Edgewood Land & Logging Co.....	Oretta, La.
Southern Land & Lumber Co.....	Mile 753.
Port Arthur Ice & Refrigerating Co.....	Port Arthur, Tex.

UNCOMPLETED:

E. A. Whitney & Sons.....	Kansas City, Mo.
Radio Coal Co.....	Mulberry, Mo.
Pine Mountain Coal Co.....	Heavener, Okla.
Louisiana Highway Commission.....	Cooper, La.
Louisiana Highway Commission.....	Pinewood, La.
Louisiana Oil Refining Corporation.....	DeRidder, La.

NEW TRACKS TO SERVE EXISTING INDUSTRIES.

COMPLETED:

Michael-Swanson-Brady Co.....	Kansas City, Mo.
Fort Scott Coal & Mining Co.....	Swart, Mo.
Mulberry Coal Co.....	Ardath, Mo.
Louisiana Oil Refining Corporation.....	Gas Center, La.
Pure Oil Co. (2).....	Smith's Bluff, Tex.
Atlantic Oil Producing Co.....	Atreco, Tex.

In addition to the foregoing, these new industries have located on existing tracks of the Company:

Frank Paxton Lumber Co.....	Kansas City, Kas.
Rutherford Chile Co.....	Kansas City, Mo.
Davidson Mill & Elevator Co.....	Kansas City, Mo.
Southard Feed & Milling Co.....	Kansas City, Mo.
Tahona Smokeless Coal Co.....	Shady Point, Okla.
Sam Sorrels (Coal).....	Poteau, Okla.
W. D. Allen Lumber Co.....	Mena, Ark.
Standard Oil Co.....	Cove, Ark.
I. G. Regnier (Lumber).....	Allene, Ark.
Magnolia Petroleum Co.....	Ashdown, Ark.
Atlanta Wholesale Grocer Co.....	Texarkana, Tex.
American Cross Arm & Conduit Co.....	Texarkana, Tex.
Caldwell & Keel, Inc.....	Vivian, La.
Southwestern Gas & Electric Co.....	Oil City, La.
Associated Refining Co.....	Oil City, La.
Pittsburgh Plate Glass Co.....	Shreveport, La.
M. Risinger (Lumber).....	Kingston, La.
W. D. & O. Lumber Co.....	Anacoco, La.
McDonald Tire & Service Co.....	Beaumont, Tex.
Charles L. and John G. Wilson.....	Port Arthur, Tex.

The following new industries, included in the above list, are worthy of special mention:

BLACK, SIVALLS & BRYSON, INC., KANSAS CITY, MISSOURI.

This company is one of the largest manufacturers of oil tanks and other tanks for liquid storage in the country. It had a small plant at Topeka, Kas., and for several years had been giving consideration to moving. After going into the matter thoroughly the company decided on Kansas City, but before selecting a site it very carefully canvassed the situation there and finally purchased nine acres of property lying adjacent to the right of way of your Company just south of Ninth Street in the Blue Valley. The industry proceeded with the erection of a plant, its main building being approximately 180 feet wide and 380 feet long, and your Company installed a track along the north and south sides of this building. This company has branch offices and distributing plants in 42 cities and towns in Oklahoma, Kansas, Texas, Wyoming and Louisiana, and it is felt that the industry will be quite an addition to those now located at this point.

DIVEN CANNING COMPANY, SILOAM SPRINGS, ARKANSAS.

During the year 1924 the Canning Company purchased property along the tracks of your Company, and a short spur track was constructed to serve the plant which was erected. Last season approximately sixty cars of tomatoes were shipped from this plant. The company had a very successful year and at this time is making additions to its plant. A request has been made upon your Company to extend its track.

Improvements to existing equipment, made at a cost of \$106,591.85, consisted mainly in the following:

Locomotives—Application of M&L tender boosters, superheaters, Walschaert valve gears, flange lubricators, cross compound air pumps, arch tubes and brick arches, water columns, steel frames, exhaust steam injectors, and converting locomotives from coal to oil burners.

Freight-train Cars—Application of metal draft arms, spring type draft gears, metal carlines, Mogul end reinforcements, heavier side stakes and sill straps, flexible roofs, improved triple valves and trucks of 80,000 pounds capacity.

Passenger-train Cars—Application of steel underframes, rolled steel wheels, reinforced steel ends and miscellaneous safety devices.

Work Cars—Application of heavier bolsters, metal draft arms, improved draft gears to ballast cars and electric lights to wrecker derricks.

REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

There was no change in the situation with respect to the Refunding and Improvement Mortgage Bonds authorized by the stockholders June 29, 1909. The status in that regard at the end of the year was as follows:

Total authorized issue.....	\$21,000,000.00
Issued and sold.....	18,000,000.00
Unissued December 31, 1924.....	<u>\$ 3,000,000.00</u>

EQUIPMENT TRUSTS.

Equipment Trust, Series "D", matured on December 15, 1924, and payment of the final series of notes issued thereunder was made on that date.

The aggregate face amount of Equipment Trust Notes and Certificates outstanding December 31, 1924, was as below set forth:

Trust No. 34, dated January 15, 1920.		
Balance last reported.....	\$ 763,200.00	
Paid during the year.....	63,600.00	\$ 699,600.00
Series "E", dated September 1, 1923.		
Balance last reported.....	\$1,620,000.00	
Paid during the year.....	108,000.00	1,512,000.00
Total.....		<u>\$2,211,600.00</u>

DEPRECIATION RESERVE FUND.

Moneys equaling the amount of charges to operating expenses representing the so-called depreciation of equipment, and for the amortization of equipment retired and of property abandoned in connection with improvements, together with proceeds from the sale of obsolete equipment, are deposited in a special fund set aside for additions to and betterments of your property. The total amount so deposited, and withdrawals therefrom, are shown by the statement following:

DEPOSITS.

Charges for Depreciation of Equipment:		
From June 1, 1916, to December 31, 1917.....	\$215,923.27	
From January 1, 1918, to February 29, 1920.....	363,196.93	
From March 1, 1920, to December 31, 1923.....	865,675.24	
From January 1, 1924, to December 31, 1924.....	319,426.50	\$1,764,221.94
Charges for Amortization of Retired Equipment:		
From January 1, 1918, to February 29, 1920.....	\$371,965.45	
From March 1, 1920, to December 31, 1923.....	249,988.30	
From January 1, 1924, to December 31, 1924.....	111,022.07	732,975.82
Charges for Amortization of Abandoned Property:		
From January 1, 1918, to February 29, 1920.....	\$195,464.27	
From March 1, 1920, to December 31, 1923.....	344,974.70	
From January 1, 1924, to December 31, 1924.....	89,993.40	630,432.37
Proceeds from Sale of Obsolete Equipment:		
From June 1, 1916, to December 31, 1917.....	\$165,926.00	
From January 1, 1918, to February 29, 1920.....	120,585.29	
From January 1, 1924, to December 31, 1924.....	12,745.88	299,257.17
Interest on Bank Balances and Loans from Fund:		
From June 1, 1916, to December 31, 1923.....	\$ 26,780.70	
From January 1, 1924, to December 31, 1924.....	32,966.96	59,747.66
Total.....		<u>\$3,486,634.96</u>

WITHDRAWALS.

Payments for New Equipment:			
From June 1, 1916, to December 31, 1924.....	\$	656,530.60	
Improvements to Existing Equipment:			
From June 1, 1916, to December 31, 1923.....	\$693,846.27		
From January 1, 1924, to December 31, 1924.....	447,508.99	1,141,355.26	
Shop Improvements:			
From January 1, 1922, to December 31, 1923.....	\$479,878.50		
From January 1, 1924, to December 31, 1924.....	429,104.61	908,983.11	2,706,868.97
Balance December 31, 1924.....			\$ 779,765.99

GROUP INSURANCE.

The agreement entered into with the Metropolitan Life Insurance Company, referred to in the preceding annual report, providing for a plan of group insurance affording comprehensive protection to employees of your Company against losses by death, accident, illness and total disability, was continued in force.

Effective May 16, 1924, arrangements were made with the Metropolitan Life Insurance Company, under which employees who were subscribers to group insurance under the original plan could obtain additional life insurance, at the stated cost to be borne entirely by the employees, as follows:

	Class 1	Class 2	Class 3
Additional life insurance.....	\$1,000.00	\$1,500.00	\$2,000.00
Monthly cost per employee.....	1.02	1.53	2.04

At the close of the year 82 per cent. of eligible employees were subscribers to the original plan of group insurance, and of these 72 per cent. had subscribed to additional life insurance.

During the year payments to employees and their beneficiaries amounted to \$70,730.15, classified as follows:

28 Death claims.....	\$35,315.18	
5 Accidental death and dismemberment claims.....	5,500.00	
599 Health claims.....	22,977.46	
55 Accident claims.....	2,082.87	
16 Total and permanent disability claims.....	4,854.64	\$70,730.15

GUARANTY PERIOD.

Two conferences were held during the year with the Bureau of Finance of the Interstate Commerce Commission with a view to liquidating the Company's Guaranty-period claim, but due to certain items claimed by the Company on which agreement could not be reached, final settlement was not effected.

It is the intent to present the items in controversy to Division 4 of the Commission, and a decision may be expected the early part of the year.

FEDERAL VALUATION.

In previous annual reports, an account was given of the progress of the valuation, by the Interstate Commerce Commission, of the properties of your Companies, and it was stated that a protest had been filed against the tentative final valuation found.

On March 4, 1924, the Commission rendered a supplemental report, in which it passed on the various matters stated in the protest, and found that the aggregate value for rate-making purposes, of the several properties, as of June 30, 1914, was \$49,016,268.00. An able dissenting opinion was handed down by Commissioner Potter, in which he supported many of the objections which had been made by your Company to the theory and methods by which the Interstate Commerce Commission has endeavored to value your property. The final value, as determined by the Commission, is practically the same as was found in its tentative valuation, and the objections to it have been so fully explained in previous annual reports that it seems unnecessary to repeat them here.

Upon the handing down of this supplemental report of the Commission, a mandamus proceeding was brought with the purpose of requiring the Commission to make findings, and to determine value, in the manner in which the management contends that the same must be found, in order to comply with the provisions of the Valuation Act and the Constitution of the United States. This mandamus suit was filed in the Supreme Court of the District of Columbia in the month of July, 1924, and is now pending in the Court of Appeals of the District of Columbia.

COST OF FEDERAL VALUATION.

	Prior to 1924	1924	Total
Field work.....	\$ 68,824.72	.....	\$ 68,824.72
Valuation orders, Interstate Commerce Commission.....	62,675.31	\$11,941.17	74,616.48
Contributions to Presidents' Conference Committee.....	3,397.59	1,052.29	4,449.88
Appraisal of real estate.....	22,159.88	18,156.85	40,316.73
General and miscellaneous.....	250,896.63	7,101.03	257,997.66
Totals.....	\$407,954.13	\$38,251.34	\$446,205.47

RECOVERY OF EXCESS INCOME.

There have been no important developments in the matter of the recovery of so-called excess income. Steps are being taken to determine the value of the properties of your Company for the years 1920 and subsequent thereto, since the provision for the recovery of excess income became effective September 1, 1920. As stated in the last annual report, it is the contention of your Company that it has not, in any year, earned in excess of 6 per cent. upon the true value of its property.

AUTOMATIC TRAIN CONTROL.

It is provided in Section 26 of the Interstate Commerce Act that the Interstate Commerce Commission may, after investigation, order the installation of automatic train-stop or train-control devices, or other safety devices.

The Commission on January 10, 1922, issued an order to 49 railroads, including your Company, directing them to show cause why they should not be ordered to install train-stop or train-control devices. Your Company appeared and showed that it operated only a limited number of trains, of moderate speed, and that the danger of accidents from collision, which a train-control system is primarily intended to prevent, was comparatively slight. It showed also that there was a far greater need of using its available funds for the construction of needed additions and betterments, which would promote safety as well as reduce the expense of operation, such as interlocking devices at grade crossings with other railroads, steel

passenger cars, longer passing tracks, ballasting of road-bed, etc., than for the installation of train-control devices. Your Company also showed that it was a comparatively small railroad, while the other 48 carriers included the larger railroads of the country, such as the New York Central, the Pennsylvania, and the Atchison, Topeka & Santa Fe.

The Commission, however, on June 13, 1922, ordered your Company to install train-control devices on one passenger locomotive division, between Kansas City, Missouri, and Texarkana, Texas, by January 1, 1925. On January 14, 1924, the Commission entered a further order, requiring your Company to install a train-control system upon an additional passenger locomotive division, between the same points, by February 1, 1926.

Train control being in a state of incomplete development, and there being no well-established devices in long and practical use, your Company, promptly after the making of the first order, began an exhaustive investigation of the various train-control systems. On July 18, 1924, the Commission modified its former orders by permitting, at the election of the carriers, the installation of automatic train-stop devices under the control of the engineer. Under the permission of this amendment, the automatic train-stop device of the General Railway Signal Company was finally selected, and has been installed for test purposes on a 14-mile section of track between Oskaloosa, Missouri, and Pittsburg, Kansas. Since, by the terms of the Commission's first order, the device is required to be installed and in operation by January 1, 1925, your Company, also, in the closing days of the year 1924, brought suit against the United States to restrain the imposition of penalties and to have declared void the said train-control orders, so far as they applied to your Company, on the ground, among others, that the orders made by the Commission were entirely unsupported by the evidence introduced at the hearing. A petition was also filed with the Commission which resulted in an extension of the time for compliance with the first order until July 1, 1925.

As developed in the Company's test installation, the cost per passenger locomotive division of installing the train-stop system will average about \$425,000.00, with a considerable annual maintenance charge thereafter. It is the feeling that the Commission, in requiring this expenditure, has imposed a large and unnecessary burden upon your Company for the installation of a device which will not, in the judgment of its officers, be as beneficial, either from the viewpoint of safety or that of operation, as other improvements which are more urgently needed.

The appended balance sheets and statistical statements give full detailed information concerning expenditures for improvements, and the results of operation.

A report, including balance sheet, income account and other pertinent matter, in form prescribed by the Interstate Commerce Commission, has been filed with that body at Washington.

By order of the Board of Directors.

J. A. EDSON,
President.

ACCOUNTS AND STATISTICS

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THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1924

Table No. 1

ASSETS	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$108,814,009.20	\$107,323,615.03	\$1,490,394.17	
Deposits in lieu of Mortgaged Property sold.....	1,026,731.39	1,055,260.41		\$ 28,529.02
Miscellaneous Physical Property.....	849,463.74	796,174.37	53,289.37	
Investments in Affiliated Companies:				
Stocks.....	2,016,207.90	2,016,205.90	2.00	
Bonds.....	804,915.13	115,687.50	689,227.63	
Notes.....	29.00	27.00	2.00	
Advances.....	1,607,787.96	2,100,859.17		493,071.21
Other Investments:				
Stocks.....	1,000,097.00	97.00	1,000,000.00	
Notes.....	230.27	230.27		
Miscellaneous.....	10,001.00	2,001.00	8,000.00	
Total Investments.....	\$116,129,472.59	\$113,410,157.65	\$2,719,314.94	
CURRENT ASSETS.				
Cash.....	\$ 1,775,150.06	\$ 2,034,912.53		\$259,762.47
Special Deposits:				
Against Purchase of Securities..... \$ 853,769.12				
Other Special Deposits..... 1,426,046.14	2,279,815.26	1,594,266.78	\$ 685,548.48	
Loans and Bills receivable.....	191,128.79	11,949.00	179,179.79	
Traffic and Car-service Balances receivable.....	490,734.93	665,470.98		174,736.05
Net Balance receivable from Agents and Conductors.....	102,851.90	157,906.69		55,054.79
Miscellaneous Accounts receivable.....	749,082.29	706,578.72	42,503.57	
Material and Supplies.....	2,061,805.89	2,302,714.69		240,908.80
Interest and Dividends receivable.....	837.79	4,942.40		4,104.61
Other Current Assets.....	8,757.33	822,459.76		813,702.43
Total Current Assets.....	\$ 7,660,164.24	\$ 8,301,201.55		\$641,037.31
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 13,570.89	\$ 12,438.13	\$ 1,132.76	
Other Deferred Assets.....	35,438.65	67,290.27		\$ 31,851.62
Total Deferred Assets.....	\$ 49,009.54	\$ 79,728.40		\$ 30,718.86
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance....	\$ 62,071.14	\$ 13,450.38	\$ 48,620.76	
Discount on Funded Debt.....	2,550.00	2,000.00	550.00	
Property Abandoned chargeable to Operating Expenses.....	89,993.40	179,986.80		\$ 89,993.40
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	613,105.42	613,105.42		
Other accounts.....	848,531.64	447,889.81	400,641.83	
Total Unadjusted Debits.....	\$ 1,616,251.60	\$ 1,256,432.41	\$ 359,819.19	
Grand Totals.....	\$125,454,897.97	\$123,047,520.01	\$2,407,377.96	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1924

Table No. 1

LIABILITIES	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 7,483.50	\$ 511.70	\$ 6,971.80	
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	18,000,000.00	18,000,000.00		
Equipment Trust Series "D", 5 Per Cent. Gold Notes.....		124,000.00		\$124,000.00
Equipment Trust No. 34, 6 Per Cent. Gold Notes..	699,600.00	763,200.00		63,600.00
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates.....	1,512,000.00	1,620,000.00		108,000.00
Miscellaneous Funded Debt.....	18,283.20	33,705.40		15,422.20
Total Long-term Debt.....	\$ 50,229,883.20	\$ 50,540,905.40		\$311,022.20
CURRENT LIABILITIES.				
Loans and Bills payable.....	\$ 1,014,119.35		\$1,014,119.35	
Traffic and Car-service Balances payable.....	638,208.88	\$ 653,547.07		\$ 15,338.19
Audited Accounts and Wages payable.....	2,082,081.08	1,852,020.73	230,060.35	
Miscellaneous Accounts payable.....	60,952.33	12,377.25	48,575.08	
Interest Matured unpaid.....	485,945.00	492,693.00		6,748.00
Dividends Matured unpaid.....	13,393.00	7,349.00	6,044.00	
Funded Debt Matured unpaid.....		4,000.00		4,000.00
Unmatured Dividends declared.....	210,000.00	210,000.00		
Unmatured Interest accrued.....	271,959.00	276,130.98		4,171.98
Unmatured Rents accrued.....	60,490.17	44,169.20	16,320.97	
Other Current Liabilities.....	110,076.99	93,549.51	16,527.48	
Total Current Liabilities.....	\$ 4,947,225.80	\$ 3,645,836.74	\$1,301,389.06	
DEFERRED LIABILITIES.				
Other Deferred Liabilities.....	\$ 333,267.98	\$ 436,968.15		\$103,700.17
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,324,034.93	\$ 1,046,724.51	\$ 277,310.42	
Accrued Depreciation—Equipment.....	1,636,016.19	1,355,649.27	280,366.92	
Other Unadjusted Credits.....	589,217.07	697,755.82		\$108,538.75
Total Unadjusted Credits.....	\$ 3,549,268.19	\$ 3,100,129.60	\$ 449,138.59	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 400,608.60	\$ 371,834.11	\$ 28,774.49	
Appropriated Surplus not specifically invested.....	721,276.54	651,631.56	69,644.98	
Profit and Loss credit balance.....	14,305,984.16	13,339,802.75	966,181.41	
Total Corporate Surplus.....	\$ 15,427,869.30	\$ 14,363,268.42	\$1,064,600.88	
Grand Totals.....	\$125,454,897.97	\$123,047,520.01	\$2,407,377.96	

The Company is guarantor by endorsement of First Mortgage 6 Per Cent. Gold Bonds, Series A, of the Port Arthur Canal and Dock Company, a subsidiary corporation, in the face amount of \$2,000,000.00.

Expression has not been given in the above Balance Sheet to an agreement entered into in December, 1924, for the sale of \$3,000,000.00 face amount of Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, which transaction was not carried out until January, 1925.

The above Balance Sheet as at December 31, 1924, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, March 30, 1925.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Financial Changes for the Year Ended December 31, 1924

Table No. 2

ORIGIN OF RESOURCES		
DECREASE OF ASSETS.		
INVESTMENTS:		
Deposits in lieu of Mortgaged Property sold	\$ 28,529.02	
Investments in Affiliated Companies.		
Advances	493,071.21	\$ 521,600.23
CURRENT ASSETS:		
Cash	\$ 259,762.47	
Special Deposits	168,220.64	
Traffic and Car-service Balances receivable	174,736.05	
Net Balance receivable from Agents and Conductors	55,054.79	
Material and Supplies	240,908.80	
Interest and Dividends receivable	4,104.61	
Other Current Assets	813,702.43	1,716,489.79
DEFERRED ASSETS:		
Other Deferred Assets		31,851.62
UNADJUSTED DEBITS:		
Property Abandoned chargeable to Operating Expenses		89,993.40
Total Decrease of Assets		\$2,359,935.04
INCREASE OF LIABILITIES.		
GOVERNMENTAL GRANTS:		
Grants in Aid of Construction		\$ 6,971.80
CURRENT LIABILITIES:		
Loans and Bills payable	\$1,014,119.35	
Audited Accounts and Wages payable	230,060.35	
Miscellaneous Accounts payable	48,575.08	
Dividends Matured unpaid	6,044.00	
Unmatured Rents accrued	16,320.97	
Other Current Liabilities	16,527.48	1,331,647.23
UNADJUSTED CREDITS:		
Tax Liability	\$ 277,310.42	
Accrued Depreciation—Equipment	280,366.92	557,677.34
Total Increase of Liabilities		\$1,896,296.37
INCREASE OF CORPORATE SURPLUS.		
Additions to Property through Income and Surplus	\$ 28,774.49	
Appropriated Surplus not specifically invested	69,644.98	
Profit and Loss credit balance	966,181.41	\$1,064,600.88
Grand Total		\$5,320,832.29

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Financial Changes for the Year Ended December 31, 1924

Table No. 2

APPLICATION OF RESOURCES			
INCREASE OF ASSETS.			
INVESTMENTS:			
Investment in Road and Equipment		\$1,490,394.17	
Miscellaneous Physical Property		53,289.37	
Investments in Affiliated Companies.			
Stocks	\$ 2.00		
Bonds	689,227.63		
Notes	2.00	689,231.63	
Other Investments.			
Stocks	\$1,000,000.00		
Miscellaneous	8,000.00	1,008,000.00	\$3,240,915.17
CURRENT ASSETS:			
Special Deposits against Purchase of Securities		\$ 853,769.12	
Loans and Bills receivable		179,179.79	
Miscellaneous Accounts receivable		42,503.57	1,075,452.48
DEFERRED ASSETS:			
Working Fund Advances			1,132.76
UNADJUSTED DEBITS:			
Rents and Insurance Premiums paid in advance		\$ 48,620.76	
Discount on Funded Debt		550.00	
Other Unadjusted Debits		400,641.83	449,812.59
Total Increase of Assets			\$4,767,313.00
DECREASE OF LIABILITIES.			
LONG-TERM DEBT:			
Equipment Trust Series "D", 5 Per Cent. Gold Notes		\$ 124,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes		63,600.00	
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates		108,000.00	
Miscellaneous Funded Debt		15,422.20	\$ 311,022.20
CURRENT LIABILITIES:			
Traffic and Car-service Balances payable		\$ 15,338.19	
Interest Matured unpaid		6,748.00	
Funded Debt Matured unpaid		4,000.00	
Unmatured Interest accrued		4,171.98	30,258.17
DEFERRED LIABILITIES:			
Other Deferred Liabilities			103,700.17
UNADJUSTED CREDITS:			
Other Unadjusted Credits			108,538.75
Total Decrease of Liabilities			\$ 553,519.29
Grand Total			\$5,320,832.29

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1924

Table No. 3

	1924	1923
OPERATING INCOME.		
Railway Operating Revenues.....	\$21,024,012.20	\$22,485,099.09
Railway Operating Expenses.....	15,256,528.63	16,708,811.41
Net Revenue from Railway Operations.....	\$ 5,767,483.57	\$ 5,776,287.68
Railway Tax Accruals:		
War Taxes.....	\$ 294,969.53	\$ 438,369.96
Other Taxes.....	985,841.26	997,537.49
Uncollectible Railway Revenues.....	5,291.85	10,310.25
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,286,102.64	\$ 1,446,217.70
Railway Operating Income.....	\$ 4,481,380.93	\$ 4,330,069.98
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 60,372.47	\$ 62,941.92
Rent from Passenger-train Cars.....	30,022.44	30,462.31
Rent from Work Equipment.....	9,518.05	5,745.80
Joint Facility Rent Income.....	165,754.41	171,018.30
Income from Lease of Road.....	880.21	891,391.76
Miscellaneous Rent Income.....	9,382.96	10,144.44
Miscellaneous Nonoperating Physical Property.....	28,190.58	28,984.85
Dividend Income.....		2,212.67
Income from Funded Securities.....	960.00	Dr. 1,543.17
Income from Unfunded Securities and Accounts.....	157,335.33	110,388.12
Miscellaneous Income:		
Revenues Prior to January 1, 1918.....		59.55
Other Miscellaneous Income.....	293.51	367.85
Total Nonoperating Income.....	\$ 462,709.96	\$ 1,312,174.40
Gross Income.....	\$ 4,944,090.89	\$ 5,642,244.38
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 547,180.14	\$ 673,293.46
Rent for Locomotives.....	32,089.12	30,901.83
Rent for Passenger-train Cars.....	72,578.43	77,192.47
Rent for Work Equipment.....	3,273.50	4,057.59
Joint Facility Rents.....	227,550.48	277,692.16
Rent for Leased Roads.....	125,414.07	30,637.00
Miscellaneous Rents.....	654.18	982.80
Miscellaneous Tax Accruals.....	105.95	118.98
Interest on Funded Debt.....	1,899,587.31	1,856,527.28
Interest on Unfunded Debt.....	31,130.51	Cr. 103,652.59
Miscellaneous Income Charges:		
Expenses Prior to January 1, 1918.....		124.23
Current Charges.....	22,723.70	20,935.30
Total Deductions from Gross Income.....	\$ 2,962,287.39	\$ 2,868,810.51
Net Income.....	\$ 1,981,803.50	\$ 2,773,433.87
DISPOSITION OF NET INCOME.		
Dividend Appropriations of Income:		
Quarterly Dividends on Preferred Stock:		
No. 68, declared March 18, 1924, payable April 15, 1924.....	\$ 210,000.00	
No. 69, declared June 18, 1924, payable July 15, 1924.....	210,000.00	
No. 70, declared September 17, 1924, payable October 15, 1924.....	210,000.00	
No. 71, declared December 12, 1924, payable January 15, 1925.....	210,000.00	
Total Appropriations of Income.....	\$ 840,000.00	\$ 840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	\$ 1,141,803.50	\$ 1,933,433.87

Profit and Loss Account for the Year Ended December 31, 1924

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$13,339,802.75
Credit Balance transferred from Income.....		1,141,803.50
Profit on Road and Equipment sold.....		3,629.65
Unrefundable Overcharges.....		3,400.36
Donations.....		32,241.35
Miscellaneous Credits.....		12,071.72
Surplus Appropriated for Investment in Physical Property.....	\$ 28,774.49	
Debt Discount Extinguished through Surplus.....	261.37	
Miscellaneous Appropriations of Surplus.....	69,644.98	
Loss on Retired Road and Equipment.....	90,938.27	
Miscellaneous Debits.....	37,346.06	
Credit Balance carried to Balance Sheet.....	14,305,984.16	
Totals.....	\$14,532,949.33	\$14,532,949.33

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Mileage Owned and Operated December 31, 1924

Table No. 4

DESCRIPTION	FIRST MAIN TRACK	SECOND MAIN TRACK	YARD, TERMINAL, INDUSTRIAL AND SIDE TRACKS	ALL TRACKS					
MAIN LINE OWNED OR CONTROLLED:									
Kansas City, Mo., to Belt Junction, Mo.	12.01		77.36	89.37					
Grandview, Mo., to Port Arthur, Tex.	765.05		360.38	1,125.43					
Between Second and Wyandotte Streets, Kansas City, Mo., and Air Line Junction, Mo.		5.41		5.41					
Pittsburg Yards, Kas.		1.32		1.32					
Between DeQueen, Ark., and Neal Springs, Ark.		8.45		8.45					
Total	777.06	15.18	437.74	1,229.98					
BRANCH LINES OWNED OR CONTROLLED:									
Kansas City, Mo., to Independence, Mo.	5.59		.79	6.38					
Sugar Creek Junction, Mo., to Sugar Creek, Mo.	1.54		.54	2.08					
Asbury Junction, Mo., to Shawnee Creek, Kas.	10.31		1.75	12.06					
Spiro, Okla., to Fort Smith, Ark.	16.70		7.65	24.35					
DeQuincy, La., to Lake Charles, La.	22.59		6.90	29.49					
Lockport Junction, La., to Lockport, La.	4.03		1.07	5.10					
Total	60.76		18.70	79.46					
Total Mileage Owned or Controlled	837.82	15.18	456.44	1,309.44					
LINES OPERATED UNDER TRACKAGE RIGHTS:									
St. Louis-San Francisco Ry. Co.									
Belt Junction, Mo., to Grandview, Mo.	10.96		2.33	13.29					
Kansas City Terminal Ry. Co.									
Union Station, Kansas City, Mo., to Sheffield, Mo.	5.31	5.11		10.42					
Missouri Pacific R. R. Co.									
Between Troost Avenue and Santa Fe Street, Kansas City, Mo.			1.55	1.55					
Joplin Union Depot Co.									
At Joplin, Mo.			6.25	6.25					
The Texas and Pacific Ry. Co. and St. Louis, Iron Mountain and Southern Ry. Co.									
At Texarkana, Tex.-Ark.			2.05	2.05					
The Kansas City, Shreveport and Gulf Terminal Co.									
At Shreveport, La.			1.58	1.58					
Total	16.27	5.11	13.76	35.14					
Total Mileage Operated	854.09	20.29	470.20	1,344.58					
LINES OWNED OR CONTROLLED BUT NOT OPERATED:									
Leased to Central Coal & Coke Co.									
Jenson, Ark., to Bonanza Mine.			3.28	3.28					
Leased to Sabine & Neches Valley R. R. Co.									
Possum Bluffs Spur			2.04	2.04					
Total			5.32	5.32					
Total Mileage in System	854.09	20.29	475.52	1,349.90					
Summary									
STATE	FIRST MAIN TRACK			SECOND MAIN TRACK		YARD, TERMINAL, INDUSTRIAL AND SIDE TRACKS			ALL TRACKS
	Main Line Owned	Branch Lines Owned	Under Trackage Rights	Main Line Owned	Under Trackage Rights	Main Line Owned	Branch Lines Owned	Under Trackage Rights	
Missouri	174.58	10.42	16.27	5.41	5.11	116.33	1.71	10.13	339.96
Kansas	18.38	7.02		1.32		55.40	1.37		83.49
Arkansas	152.92	1.40		8.45		52.05	6.62	.32	221.76
Oklahoma	127.64	15.30				51.83	1.03		195.80
Louisiana	222.46	26.62				87.86	7.97	1.58	346.49
Texas	81.08					79.59		1.73	162.40
Totals	777.06	60.76	16.27	15.18	5.11	443.06	18.70	13.76	1,349.90

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Expenditures for Additions and Betterments for the Year Ended December 31, 1924

Table No. 5

	1924	1923	From June 30, 1914, to Date
ROAD:			
Engineering.....	Cr. \$ 2,326.75	\$ 3,169.97	\$ 119,868.60
Land for Transportation Purposes.....	140,808.68	62,056.03	554,168.66
Grading.....	26,604.39	215,875.31	919,625.17
Bridges, Trestles and Culverts.....	96,104.40	160,029.40	935,887.52
Ties.....	83,834.26	75,455.20	324,575.90
Rails.....	96,324.17	95,250.63	453,475.17
Other Track Material.....	165,172.31	107,393.53	759,436.46
Ballast.....	163,981.04	95,350.05	1,357,546.54
Track Laying and Surfacing.....	44,959.23	Cr. 221,574.33	308,964.17
Right-of-way Fences.....	5,962.41	1,656.16	85,969.63
Crossings and Signs.....	16,007.88	12,948.60	143,270.45
Station and Office Buildings.....	40,761.54	48,201.78	463,806.49
Roadway Buildings.....	3,441.77	7,242.83	30,770.92
Water Stations.....	6,192.59	6,726.35	98,810.88
Fuel Stations.....	45,735.70	55,567.50	243,669.68
Shops and Enginehouses.....	161,825.42	201,333.42	449,578.67
Telegraph and Telephone Lines.....	568.30	4,954.22	13,584.68
Signals and Interlockers.....	39,296.71	3,529.84	71,791.73
Power Plant Buildings.....	687.55		1,147.08
Power Distribution Systems.....	2,579.56	1,441.99	8,885.42
Power Line Poles and Fixtures.....	75.76	230.62	288.88
Paving.....	.60	4,509.33	21,372.17
Roadway Machines.....	986.99	Cr. 236.25	10,475.51
Roadway Small Tools.....	198.76	Cr. 1,076.00	2,788.57
Assessments for Public Improvements.....	30,513.29	26,495.83	193,955.53
Cost of Road Purchased.....	646.00	18,502.90	674,475.36
Other Expenditures—Road.....			10,314.81
Shop Machinery.....	159,992.67	98,296.17	288,150.66
Power Plant Machinery.....	11,441.39	45,901.37	140,207.94
Total Expenditures for Road.....	\$1,342,376.62	\$1,129,232.45	\$ 8,686,663.25
EQUIPMENT:			
Steam Locomotives.....	\$ 106,607.84	\$ 959,278.62	\$ 2,080,771.71
Freight-train Cars.....	11,416.39	1,375,320.22	1,974,935.04
Passenger-train Cars.....	7,588.13	12,206.17	55,310.26
Work Equipment.....	22,264.24	27,127.57	208,121.68
Miscellaneous Equipment.....	140.95		953.59
Total Expenditures for Equipment.....	\$ 148,017.55	\$2,373,932.58	\$ 4,320,092.28
GENERAL EXPENDITURES:			
Law.....			\$ 4,716.17
Interest during Construction.....			53,311.54
Total General Expenditures.....			\$ 58,027.71
Grand Totals.....	\$1,490,394.17	\$3,503,165.03	\$13,064,783.24

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Improvements in Bridges, Trestles and Culverts, from June 30, 1900, to December 31, 1924

Table No. 6

YEAR	BRIDGES								TRESTLES		CULVERTS		
	STEEL		CONCRETE		WOOD		COMBINATION		WOOD		STONE AND CON- CRETE	CAST IRON PIPE	CON- CRETE PIPE
	No.	Length	No.	Length	No.	Length	No.	Length	No.	Length	No.	No.	No.
June 30, 1900.....	135	10,283					2	453	882	132,730	16		
June 30, 1901.....	162	13,392					1	156	751	120,193	53	25	
June 30, 1902*.....	199	17,546			1		5	1,066	699	113,634	79	93	
June 30, 1903.....	184	17,323					5	513	691	107,853	337	197	
June 30, 1904.....	196	18,837			5	68	4	357	608	99,758	365	220	
June 30, 1905.....	231	19,225			3	66	3	213	593	96,377	354	233	
June 30, 1906.....	233	19,317					2	166	581	95,707	373	245	
June 30, 1907.....	240	19,390			1	18	2	157	470	86,979	433	282	
June 30, 1908.....	240	19,390			1	18	1	87	445	77,335	478	428	
June 30, 1909.....	245	19,502			1	18	1	87	433	76,218	514	502	
June 30, 1910.....	249	20,657					1	87	402	74,310	564	556	5
June 30, 1911.....	253	21,153					1	87	390	73,670	604	569	61
June 30, 1912.....	257	21,708					1	87	384	71,695	615	561	64
June 30, 1913.....	260	21,738	1	105			1	87	324	64,792	634	563	68
June 30, 1914.....	272	21,886	1	105			1	87	321	64,701	636	570	77
June 30, 1915.....	281	22,124	1	105			1	87	315	63,931	665	577	98
June 30, 1916.....	284	22,281	1	105			1	87	316	64,049	671	580	97
December 31, 1916..	284	22,281	1	105			1	87	315	65,893	675	580	98
December 31, 1917..	289	22,762	2	225			1	87	307	64,786	689	592	118
December 31, 1918..	295	22,851	2	225			1	87	306	64,804	696	593	130
December 31, 1919..	304	23,058	2	225			1	87	309	64,356	703	603	134
December 31, 1920..	314	23,203	2	225			1	87	323	64,768	705	606	146
December 31, 1921..	314	23,203	2	225			1	87	325	64,443	706	607	149
December 31, 1922..	314	23,203	2	225			1	87	320	64,092	706	609	164
December 31, 1923..	314	23,173	2	225			1	87	304	63,876	715	611	177
December 31, 1924..	322	23,503	3	252			1	87	305	64,380	721	610	202

*Kansas City Suburban Belt R. R. was acquired in 1902.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Equipment Serviceable December 31, 1924

Table No. 7

	IN SERVICE DECEMBER 31, 1923			GAINS				LOSSES			TRANSFERRED AS BETWEEN CLASSES		IN SERVICE DECEMBER 31, 1924		
	Owned	Trust Equip- ment	Total	Pur- chased	Re- built	Built	Trust Equip- ment	Sold	Destroyed or Broken Up		From	To	Owned	Trust Equip- ment	Total
									Owned	Trust Equip- ment					
LOCOMOTIVES.															
Passenger	20	3	23										20	3	23
Freight	110	15	125				10	1	1				123	10	133
Switching	29	5	34		1			5	2				28		28
Totals	159	23	182		1		10	6	3				171	13	184
PASSENGER EQUIPMENT.															
Coaches	29		29								1		28		28
Chair Cars	25		25										25		25
Coach and Baggage Cars ..	2		2										2		2
Coach and Mail Cars	1		1								1				
Baggage Cars	17		17										17		17
Baggage, Coach and Mail Cars	1		1										1		1
Express and Mail Cars	10		10										10		10
Totals	85		85								2		83		83
FREIGHT EQUIPMENT.															
In Commercial Service:															
Box Cars	1,651	101	1,752		100		500		317			3	1,438	600	2,038
Furniture Cars	204	94	298		9				13	1			293		293
Stock Cars	265		265		23				26				262		262
Tank Cars	223		223										223		223
Coal Cars	98	1,189	1,287		8				23	7			1,067	198	1,265
Flat Cars	135	197	332		7				13				326		326
Vinegar Tank Cars		2	2										2		2
Totals	2,576	1,583	4,159		147		500		392	8		3	3,611	798	4,409
Cabooses	76		76										76		76
In Work Service:															
Box Cars	287		287		1				15		3		270		270
Coal Cars	1		1										1		1
Flat Cars	76		76		1				5				72		72
Ballast Cars	42		42						4				38		38
Convertible Coal and Bal- last Cars	192		192		5				6				191		191
Totals	598		598		7				30		3		572		572
WORK EQUIPMENT.															
Business Cars	4		4	1									5		5
Wrecker Bunk	1		1										1		1
Outfit Coaches	8		8									2	10		10
Derrick Cars	14		14										14		14
Water Cars						1							1		1
Slope Levelers	2		2										2		2
Ditchers	2		2										2		2
Pile Drivers	2		2										2		2
Lidgerwoods	3		3										3		3
Totals	36		36	1		1						2	40		40
Total Cars	3,371	1,583	4,954	1	154	1	500		422	8	5	5	4,382	798	5,180

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Steam Locomotives Owned or Controlled December 31, 1924

Table No. 8

CLASSIFICATION		TOTAL			
Type	Tractive Power in Pounds	Number	Tractive Power in Pounds	Weight on Drivers in Tons	Weight of Engine and Tender in Working Order—Tons
Passenger	20,000 or less	4	71,544	162.20	382.80
Passenger	Over 20,000	19	622,163	1,411.75	3,497.55
Totals		23	693,707	1,573.95	3,880.35
Averages			30,161	68.43	168.71
Freight	40,000 or less	41	1,310,108	2,594.45	5,022.15
Freight	80,000 or less	63	3,101,172	6,343.13	11,586.77
Freight	Over 80,000	29	2,840,433	6,125.00	9,164.15
Totals		133	7,251,713	15,062.58	25,773.07
Averages			54,524	113.25	192.28
Switch and Work	20,000 or less				
Switch and Work	40,000 or less	25	725,630	1,665.20	2,773.50
Switch and Work	Over 40,000	3	178,102	436.31	514.86
Totals		28	903,732	2,101.51	3,288.36
Averages			32,276	75.05	117.44
Grand Totals		184	8,849,152	18,738.04	32,941.78
Averages			48,093	101.84	179.03

Average combined Passenger and Freight Gross Ton Miles per annum per pound of Locomotive Tractive Power owned 501.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Passenger-train Cars Owned or Controlled December 31, 1924

Table No. 9

CLASSIFICATION		TOTAL					
Type	Length Over Body End Sills in Feet	Number			Carrying Capacity		Light Wt. in Working Order—Tons
		All Wood	Steel Under-frame	Total	No. of Passengers	Tons of Commodities	
Coach or Chair—First Class	Less than 60 feet	11	4	15	817	.....	561
Coach or Chair—First Class	Over 60 feet	8	14	22	1,377	.....	1,082
Coach or Chair—Second Class or Emigrant ..	All	16	.....	16	914	.....	431
Coach or Chair and Combination	All	3	.....	3	80	.....	92
Total Passenger-Carrying		38	18	56	3,188	.....	2,166
Mail, Express and Baggage	Less than 60 feet	6	4	10	.....	138	377
Mail, Express and Baggage	Over 60 feet	.....	17	17	.....	270	853
Total Commodity-Carrying		6	21	27	.....	408	1,230
Grand Totals		44	39	83	3,188	408	3,396

Average Passenger-train Car Miles per annum per Passenger-train Car owned 74,448

Description of Freight-train Cars Owned or Controlled December 31, 1924

Table No. 10

CLASSIFICATION									TOTAL	
Type	Number of Cars of Marked Capacity in Pounds					Number of Cars and Type of Construction				
	Less than 60,000	60,000 to 80,000	80,000 to 100,000	100,000 to 140,000	Total	All Wood	Steel Under-frame	Total	Light Weight in Tons	Marked Carrying Capacity in Tons
Box	115	937	1,549	.....	2,601	1,903	698	2,601	49,033	95,395
Stock .....	.....	262	.....	.....	262	262	.....	262	4,520	7,860
Tank .....	.....	119	95	9	223	.....	223	223	4,507	7,820
Total Closed...	115	1,318	1,644	9	3,086	2,165	921	3,086	58,060	111,075
Gondola.....	.....	1	1,067	198	1,266	79	1,187	1,266	24,331	52,610
Flat	19	107	75	197	398	200	198	398	5,948	16,520
Total Open....	19	108	1,142	395	1,664	279	1,385	1,664	30,279	69,130
All Other.....	1	102	93	105	301*	198	103	301	5,750	11,995
Grand Totals..	135	1,528	2,879	509	5,051	2,642	2,409	5,051	94,089	192,200

Average Net Freight Ton Miles per annum per ton of Freight Car Carrying Capacity owned 8,410.38

*Does not include 1 double-end Ballast Distributor, 4 Lidgerwoods and 2 Air-dump Cars in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
Statement of Principal Stocks and Bonds Owned December 31, 1924

Table No. 11

CHARACTER	SHARES	FACE AMOUNT	PER CENT. OF ISSUE	BOOK VALUE
CHARGED TO INVESTMENTS IN AFFILIATED COMPANIES.				
STOCKS:				
The Arkansas Western Railway Co.....	6,500	\$ 650,000.00	100.0	\$ 302,582.20
The Poteau Valley Railroad Co.....	1,008	100,800.00	100.0	35,000.00
The Maywood and Sugar Creek Railway Co.....	300	30,000.00	100.0	30,000.00
Fort Smith and Van Buren Railway Co.....	120	12,000.00	100.0	12,000.00
Central Railroad of Louisiana.....	50	5,000.00	100.0	1.00
Port Arthur Canal and Dock Co.....	5,000	500,000.00	100.0	1,193,289.37
Kansas City Terminal Railway Co.....	1,833 ¹ / ₃	183,333.33	8.3	183,333.33
The Kansas City, Shreveport and Gulf Terminal Co.....	1,500	150,000.00	100.0	150,000.00
The K. C. S. Elevator Co.....	250	25,000.00	100.0	100,000.00
Joplin Union Depot Co.....	100	10,000.00	25.0	10,000.00
The Kansas and Missouri Railway and Terminal Co.....	8,000	.....	100.0	2.00*
Totals.....	24,661 ¹ / ₃	\$ 1,666,133.33	.....	\$ 2,016,207.90
BONDS:				
The Arkansas Western Railway Co. First 5's.....	.....	\$ 650,000.00	100.0	\$ 100,000.00
The Kansas City, Shreveport and Gulf Terminal Co. First 4's.....	.....	24,000.00	16.0	15,687.50
The Kansas and Missouri Railway and Terminal Co. First 6's.....	.....	707,000.00	100.0	689,227.63
Totals.....	.....	\$ 1,381,000.00	.....	\$ 804,915.13
CHARGED TO INVESTMENT IN ROAD AND EQUIPMENT.				
STOCKS:				
The Kansas City, Shreveport and Gulf Railway Co.....	3,050	\$ 305,000.00	100.0	\$ 300,000.00
Texarkana and Fort Smith Railway Co.....	2,000	100,000.00	100.0	100,000.00
Totals.....	5,050	\$ 405,000.00	.....	\$ 400,000.00
BONDS:				
The Kansas City, Shreveport and Gulf Railway Co. First 5's.....	.....	\$ 6,623,000.00	100.0	\$ 8,278,750.00
Texarkana and Fort Smith Railway Co. First 5's.....	.....	5,591,000.00	100.0	6,988,750.00
Totals.....	.....	\$12,214,000.00	.....	\$15,267,500.00

*No par value.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1924

Table No. 12

	1924	1923	INCREASE	DECREASE
RAILWAY OPERATING REVENUES.				
TRANSPORTATION—RAIL LINE:				
Freight	\$16,927,685.08	\$18,086,261.74		\$1,158,576.66
Passenger	2,054,818.99	2,422,776.58		367,957.59
Excess Baggage	19,101.02	20,948.60		1,847.58
Mail	248,510.81	244,213.64	\$ 4,297.17	
Express	471,540.55	500,056.48		28,515.93
Other Passenger-train	4,785.29	4,365.02	420.27	
Switching	846,971.93	841,409.67	5,562.26	
Special Service Train	7,811.03	7,038.84	772.19	
Other Freight-train	3,525.43	14,017.36		10,491.93
Total Rail-Line Transportation Revenues	\$20,584,750.13	\$22,141,087.93		\$1,556,337.80
INCIDENTAL	\$ 170,380.46	\$ 189,163.09		\$ 18,782.63
JOINT FACILITY	268,881.61	154,848.07	\$114,033.54	
Total Railway Operating Revenues	\$21,024,012.20	\$22,485,099.09		\$1,461,086.89
RAILWAY OPERATING EXPENSES.				
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence	\$ 310,298.49	\$ 335,872.33		\$ 25,573.84
Roadway Maintenance	257,765.64	269,696.21		11,930.57
Tunnels and Subways	158.13	280.25		122.12
Bridges, Trestles and Culverts	84,676.09	216,704.00		132,027.91
Ties	428,834.81	389,979.43	\$ 38,855.38	
Rails	176,921.58	156,825.40	20,096.18	
Other Track Material	154,177.01	164,562.52		10,385.51
Ballast	215,786.89	369,345.05		153,558.16
Track Laying and Surfacing	726,097.39	1,089,188.22		363,090.83
Right-of-way Fences	42,526.02	38,786.72	3,739.30	
Crossings and Signs	32,342.18	29,853.18	2,489.00	
Station and Office Buildings	72,139.07	86,951.84		14,812.77
Roadway Buildings	14,014.37	24,190.56		10,176.19
Water Stations	26,628.75	30,629.86		4,001.11
Fuel Stations	14,036.27	25,916.97		11,880.70
Shops and Enginehouses	175,034.07	126,900.13	48,133.94	
Grain Elevators	5,789.53	5,427.86	361.67	
Wharves and Docks	34,883.96	14,520.66	20,363.30	
Telegraph and Telephone Lines	51,445.38	51,139.79	305.59	
Signals and Interlockers	4,096.52	4,432.10		335.58
Power Plant Buildings	4,533.31	2,571.05	1,962.26	
Power Distribution Systems	5,389.81	7,590.68		2,200.87
Power Line Poles and Fixtures	234.04	758.47		524.43
Miscellaneous Structures	Cr. .44	34.12		34.56
Paving	7,062.17	3,168.39	3,893.78	
Roadway Machines	13,487.38	15,882.20		2,394.82
Small Tools and Supplies	34,131.30	39,833.76		5,702.46
Removing Snow, Ice and Sand	10,287.32	1,967.48	8,319.84	
Assessments for Public Improvements	744.56	607.40	137.16	
Injuries to Persons	24,801.92	30,367.11		5,565.19
Insurance	46,701.49	62,750.49		16,049.00
Stationery and Printing	10,709.21	12,167.84		1,458.63
Other Expenses	7,100.84	10,102.92		3,002.08
Maintaining Joint Tracks, Yards and Other Fac.—Dr.	72,614.38	48,487.47	24,126.91	
Maintaining Joint Tracks, Yards and Other Fac.—Cr.	92,694.08	119,851.83		27,157.75
Total Maintenance of Way and Structures	\$ 2,972,755.36	\$ 3,547,640.63		\$ 574,885.27

NOTE.—For Federal lap-over items, not included above, see page 58.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1924

Table No. 12

	1924	1923	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 225,470.65	\$ 209,734.06	\$ 15,736.59	
Shop Machinery.....	103,486.71	115,599.68		\$ 12,112.97
Power Plant Machinery.....	48,447.17	27,150.37	21,296.80	
Steam Locomotives—Repairs.....	1,437,480.17	1,828,709.14		391,228.97
Steam Locomotives—Depreciation.....	136,119.27	102,436.30	33,682.97	
Steam Locomotives—Retirements.....	28,167.05	34,605.61		6,438.56
Freight-train Cars—Repairs.....	1,169,702.05	1,183,089.49		13,387.44
Freight-train Cars—Depreciation.....	139,475.02	114,484.88	24,990.14	
Freight-train Cars—Retirements.....	79,663.79	72,777.11	6,886.68	
Passenger-train Cars—Repairs.....	197,287.60	205,324.52		8,036.92
Passenger-train Cars—Depreciation.....	9,909.04	9,182.69	726.35	
Passenger-train Cars—Retirements.....	2,116.65	5,465.42		3,348.77
Work Equipment—Repairs.....	107,913.12	133,310.43		25,397.31
Work Equipment—Depreciation.....	33,923.17	9,934.61	23,988.56	
Work Equipment—Retirements.....	4,282.69	5,250.92		968.23
Miscellaneous Equipment—Retirements.....	375.64		375.64	
Injuries to Persons.....	28,334.60	26,734.72	1,599.88	
Insurance.....	16,119.35	20,712.55		4,593.20
Stationery and Printing.....	16,480.57	20,385.44		3,904.87
Other Expenses.....	29,400.38	119,189.27		89,788.89
Maintaining Joint Equipment at Terminals—Dr.....	56,914.17	30,787.87	26,126.30	
Maintaining Joint Equipment at Terminals—Cr.....	.03	.50		.47
Equalization—Equipment.....	Cr. 12,574.43		Cr. 12,574.43	
Total Maintenance of Equipment.....	\$ 3,858,494.40	\$ 4,274,864.58		\$ 416,370.18
TRAFFIC:				
Superintendence.....	\$ 190,192.52	\$ 178,465.17	\$ 11,727.35	
Outside Agencies.....	280,327.62	251,991.20	28,336.42	
Advertising.....	15,885.96	15,969.72		\$ 83.76
Traffic Associations.....	6,484.78	6,273.72	211.06	
Industrial and Immigration Bureaus.....	20,980.18	19,120.82	1,859.36	
Insurance.....	362.94	357.99	4.95	
Stationery and Printing.....	62,340.04	61,388.04	952.00	
Other Expenses.....	554.03	77.38	476.65	
Total Traffic.....	\$ 577,128.07	\$ 533,644.04	\$ 43,484.03	
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 319,452.50	\$ 305,501.79	\$ 13,950.71	
Dispatching Trains.....	73,994.48	84,366.89		\$ 10,372.41
Station Employees.....	819,265.01	805,642.44	13,622.57	
Weighing, Inspection and Demurrage Bureaus.....	35,494.06	33,077.86	2,416.20	
Station Supplies and Expenses.....	57,228.73	62,225.95		4,997.22
Yardmasters and Yard Clerks.....	177,804.23	172,669.22	5,135.01	
Yard Conductors and Brakemen.....	423,284.00	417,065.87	6,218.13	
Yard Switch and Signal Tenders.....	16,904.02	15,653.39	1,250.63	
Yard Enginemen.....	265,200.47	266,709.88		1,509.41
Fuel for Yard Locomotives.....	440,538.26	464,370.32		23,832.06
Water for Yard Locomotives.....	25,450.80	22,630.16	2,820.64	
Lubricants for Yard Locomotives.....	5,002.69	5,564.76		562.07
Other Supplies for Yard Locomotives.....	9,686.30	10,611.19		924.89
Enginehouse Expenses—Yard.....	137,124.74	140,649.88		3,525.14
Yard Supplies and Expenses.....	9,920.65	9,428.58	492.07	
Operating Joint Yards and Terminals—Dr.....	223,157.06	166,709.66	56,447.40	
Operating Joint Yards and Terminals—Cr.....	20,471.82	1,760.28	18,711.54	
Carried Forward.....	\$ 3,019,036.18	\$ 2,981,117.56	\$ 37,918.62	

NOTE.—For Federal lap-over items, not included above, see page 58.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1924

Table No. 12

	1924	1923	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
TRANSPORTATION—RAIL LINE—Continued:				
Brought Forward.....	\$ 3,019,036.18	\$ 2,981,117.56	\$ 37,918.62	
Train Enginemen.....	581,866.24	660,503.45		\$ 78,637.21
Fuel for Train Locomotives.....	1,401,525.47	1,753,572.43		352,046.96
Water for Train Locomotives.....	94,251.77	98,223.19		3,971.42
Lubricants for Train Locomotives.....	23,657.07	24,894.79		1,237.72
Other Supplies for Train Locomotives.....	29,797.39	34,023.40		4,226.01
Enginehouse Expenses—Train.....	192,271.13	228,037.11		35,765.98
Trainmen.....	729,605.46	806,054.34		76,448.88
Train Supplies and Expenses.....	222,705.90	226,974.10		4,268.20
Signal and Interlocker Operation.....	25,156.11	24,148.16	1,007.95	
Crossing Protection.....	33,519.19	34,096.63		577.44
Drawbridge Operation.....	7,699.53	7,905.52		205.99
Telegraph and Telephone Operation.....	66,685.39	65,728.30	957.09	
Stationery and Printing.....	70,983.17	80,167.50		9,184.33
Other Expenses.....	10,218.59	16,639.94		6,421.35
Operating Joint Tracks and Facilities—Dr.....	28,205.28	27,832.40	372.88	
Operating Joint Tracks and Facilities—Cr.....	53,958.11	62,318.29		8,360.18
Insurance.....	17,931.64	29,348.51		11,416.87
Clearing Wrecks.....	20,283.24	29,605.42		9,322.18
Damage to Property.....	7,825.96	18,021.28		10,195.32
Damage to Live Stock on Right of Way.....	75,981.01	80,665.90		4,684.89
Loss and Damage—Freight.....	119,230.68	129,247.01		10,016.33
Loss and Damage—Baggage.....	Cr. 444.05	155.55		599.60
Injuries to Persons.....	70,291.13	107,000.96		36,709.83
Total Transportation—Rail Line.....	\$ 6,794,325.37	\$ 7,401,645.16		\$ 607,319.79
MISCELLANEOUS OPERATIONS:				
Grain Elevators.....	\$ 29,595.98	\$ 15,442.87	\$ 14,153.11	
Producing Power Sold.....	4,516.82	2,211.84	2,304.98	
Total Miscellaneous Operations.....	\$ 34,112.80	\$ 17,654.71	\$ 16,458.09	
GENERAL:				
Salaries and Expenses of General Officers.....	\$ 203,086.67	\$ 190,523.62	\$ 12,563.05	
Salaries and Expenses of Clerks and Attendants.....	463,420.67	449,913.81	13,506.86	
General Office Supplies and Expenses.....	59,388.08	42,157.54	17,230.54	
Law Expenses.....	128,462.94	116,277.62	12,185.32	
Insurance.....	1,269.38	1,309.45		\$ 40.07
Pensions.....	17,382.67	13,927.72	3,454.95	
Stationery and Printing.....	48,530.83	46,433.83	2,097.00	
Valuation Expenses.....	38,251.34	22,903.56	15,347.78	
Other Expenses.....	66,759.93	65,278.38	1,481.55	
General Joint Facilities—Dr.....	10,570.01	5,942.90	4,627.11	
Total General.....	\$ 1,037,122.52	\$ 954,668.43	\$ 82,454.09	
TRANSPORTATION FOR INVESTMENT—Cr.....	\$ 17,409.89	\$ 21,306.14		\$ 3,896.25
Grand Total Railway Operating Expenses.....	\$15,256,528.63	\$16,708,811.41		\$1,452,282.78
Net Revenue from Railway Operations.....	\$ 5,767,483.57	\$ 5,776,287.68		\$ 8,804.11
RAILWAY TAX ACCRUALS.....	\$ 1,280,810.79	\$ 1,435,907.45		\$ 155,096.66
UNCOLLECTIBLE RAILWAY REVENUES.....	5,291.85	10,310.25		5,018.40
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,286,102.64	\$ 1,446,217.70		\$ 160,115.06
Total Operating Income.....	\$ 4,481,380.93	\$ 4,330,069.98	\$151,310.95	

NOTE.—For Federal lap-over items, not included above, see page 58.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Revenues and Expenses for the Five Years Ended December 31, 1924, including Federal Lap-overs and Expenses of Maintaining Corporate Organization during the Period of Federal Control

Table No. 13

	1920	1921	1922	1923	1924
RAILWAY OPERATING REVENUES.					
TRANSPORTATION—RAIL LINE:					
Freight.....	\$17,361,234.69	\$17,646,457.21	\$16,345,294.78	\$18,047,084.53	\$16,928,316.14
Passenger.....	3,225,909.22	2,471,693.61	2,200,553.57	2,422,733.19	2,054,886.31
Excess Baggage.....	20,546.64	20,627.44	20,514.84	20,948.60	19,101.02
Mail.....	421,560.74	282,033.82	217,124.56	244,213.64	248,510.81
Express.....	386,203.40	301,956.57	441,599.16	500,056.48	471,540.55
Other Passenger-train.....	4,283.93	6,706.52	3,703.05	4,365.02	4,785.29
Switching.....	709,388.31	854,334.12	757,629.10	841,692.67	848,074.87
Special Service Train.....	14,224.11	8,947.34	5,964.10	7,038.84	7,811.03
Other Freight-train.....	3,775.17	2,768.63	3,423.78	14,017.36	3,525.43
Total Rail-Line Transportation Revenues.....	\$22,147,126.21	\$21,595,525.26	\$19,995,806.94	\$22,102,150.33	\$20,586,551.45
INCIDENTAL.....	\$ 206,399.12	\$ 137,118.38	\$ 238,100.81	\$ 198,954.66	\$ 170,379.41
JOINT FACILITY.....	1,701.56	Dr. 151.29	270,934.04	154,848.07	268,881.61
Total Railway Operating Revenues.....	\$22,355,226.89	\$21,732,492.35	\$20,504,841.79	\$22,455,953.06	\$21,025,812.47
RAILWAY OPERATING EXPENSES.					
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 3,005,249.55	\$ 2,867,962.44	\$ 2,579,562.81	\$ 3,605,318.52	\$ 2,972,919.87
MAINTENANCE OF EQUIPMENT.....	4,322,926.07	3,897,362.47	4,139,710.91	4,275,365.73	3,858,379.27
TRAFFIC.....	478,045.01	519,284.21	503,035.21	533,971.28	577,128.07
TRANSPORTATION—RAIL LINE.....	9,231,598.59	7,640,107.54	7,110,438.71	7,397,666.15	6,798,832.22
MISCELLANEOUS OPERATIONS.....			5,120.72	17,654.71	34,112.80
GENERAL.....	918,313.16	988,452.25	901,398.80	953,769.85	1,036,952.35
TRANSPORTATION FOR INVESTMENT—Cr.....	19,313.92	15,620.38	13,854.37	20,965.17	17,409.89
Total Railway Operating Expenses.....	\$17,936,818.46	\$15,897,548.53	\$15,225,412.79	\$16,762,781.07	\$15,260,914.69
Net Revenue from Railway Operations.....	\$ 4,418,408.43	\$ 5,834,943.82	\$ 5,279,429.00	\$ 5,693,171.99	\$ 5,764,897.78
RAILWAY TAX ACCRUALS.....	\$ 957,904.95	\$ 1,047,594.65	\$ 1,314,327.49	\$ 1,435,907.45	\$ 1,276,110.83
UNCOLLECTIBLE RAILWAY REVENUES.....	5,114.99	10,804.49	7,666.68	10,932.33	5,185.36
Total Tax Accruals and Uncollectible Revenues.....	\$ 963,019.94	\$ 1,058,399.14	\$ 1,321,994.17	\$ 1,446,839.78	\$ 1,281,296.19
Total Operating Income.....	\$ 3,455,388.49	\$ 4,776,544.68	\$ 3,957,434.83	\$ 4,246,332.21	\$ 4,483,601.59

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Comparative Statement of Classified Revenue Tonnage for the Year Ended
December 31, 1924**

Table No. 14

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1924	1923	1924	1923	1924	1923	1924	1923
PRODUCTS OF AGRICULTURE:								
Wheat.....	75,452	46,012	33,176	29,558	108,628	75,570	1.6	1.1
Corn.....	61,276	45,328	29,071	45,744	90,347	91,072	1.3	1.3
Oats.....	47,909	62,186	53,104	63,781	101,013	125,967	1.5	1.8
Other Grain.....	5,129	4,170	6,445	13,698	11,574	17,868	.2	.3
Flour and Meal.....	31,462	40,210	72,981	73,327	104,443	113,537	1.5	1.6
Other Mill Products.....	65,265	68,953	31,333	29,258	96,598	98,211	1.5	1.4
Hay, Straw and Alfalfa.....	27,976	25,983	18,960	12,791	46,936	38,774	.7	.6
Tobacco.....	20	20	83	86	103	106	.0	.0
Cotton.....	22,752	15,741	6,078	7,543	28,830	23,284	.4	.3
Cotton Seed and Products, except oil.....	19,569	17,045	31,305	15,947	50,874	32,992	.7	.5
Citrus Fruits.....			1,543	1,666	1,543	1,666	.0	.0
Other Fresh Fruits.....	13,819	9,865	39,271	31,535	53,090	41,400	.7	.6
Potatoes.....	6,891	6,389	28,223	27,016	35,114	33,405	.5	.5
Other Fresh Vegetables.....	872	324	9,322	9,780	10,194	10,104	.1	.1
Dried Fruits and Vegetables...	409	285	2,479	2,482	2,888	2,767	.0	.0
Other Products of Agriculture..	1,024	1,080	14,344	15,178	15,368	16,258	.2	.2
Totals.....	379,825	343,591	377,718	379,390	757,543	722,981	10.9	10.3
ANIMALS AND PRODUCTS:								
Horses and Mules.....	5,228	7,200	2,016	1,679	7,244	8,879	.1	.1
Cattle and Calves.....	14,867	19,397	4,435	5,347	19,302	24,744	.3	.4
Sheep and Goats.....	679	548	370	185	1,049	733	.0	.0
Hogs.....	10,577	11,790	785	1,937	11,362	13,727	.2	.2
Fresh Meats.....	3,528	5,323	4,019	1,503	7,547	6,826	.1	.1
Other Packing House Products..	10,725	9,100	24,985	22,443	35,710	31,543	.5	.5
Poultry.....	3,052	2,785	84	203	3,136	2,988	.1	.0
Eggs.....	2,172	2,846	1,226	1,956	3,398	4,802	.0	.1
Butter and Cheese.....	170	181	1,949	1,783	2,119	1,964	.0	.0
Wool.....	180	115	80	55	260	170	.0	.0
Hides and Leather.....	1,523	931	1,973	1,218	3,496	2,149	.1	.0
Other Animals and Products...	60,481	44,138	12,094	22,359	72,575	66,497	1.0	.9
Totals.....	113,182	104,354	54,016	60,668	167,198	165,022	2.4	2.3
PRODUCTS OF MINES:								
Anthracite Coal.....			30	91	30	91	.0	.0
Bituminous Coal.....	554,711	502,587	154,531	193,620	709,242	696,207	10.2	9.9
Coke.....		28	2,028	7,320	2,028	7,348	.0	.1
Iron Ore.....			61	20	61	20	.0	.0
Other Ores and Concentrates...	12,261	10,865	5,737	10,792	17,998	21,657	.3	.3
Clay, Gravel, Sand and Stone..	486,309	521,370	225,224	215,681	711,533	737,051	10.2	10.5
Crude Petroleum.....	10,362	1,078	407,911	634,399	418,273	635,477	6.0	9.0
Asphaltum.....	169,680	213,482	17,901	13,151	187,581	226,633	2.7	3.2
Salt.....	122	71	15,302	16,673	15,424	16,744	.2	.2
Other Products of Mines.....	3,674	4,015	74,375	69,232	78,049	73,247	1.1	1.1
Totals.....	1,237,119	1,253,496	903,100	1,160,979	2,140,219	2,414,475	30.7	34.3
Carried Forward.....	1,730,126	1,701,441	1,334,834	1,601,037	3,064,960	3,302,478	44.0	46.9

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Classified Revenue Tonnage for the Year Ended
December 31, 1924

Table No. 14

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1924	1923	1924	1923	1924	1923	1924	1923
Brought Forward.....	1,730,126	1,701,441	1,334,834	1,601,037	3,064,960	3,302,478	44.0	46.9
PRODUCTS OF FORESTS:								
Logs, Posts, Poles and Cord-wood.....	151,633	132,657	39,509	36,049	191,142	168,706	2.8	2.4
Ties.....	245,274	229,707	55,370	78,906	300,644	308,613	4.3	4.4
Lumber, Timber, Box Shooks, Staves and Headings.....	612,367	636,666	427,680	463,380	1,040,047	1,100,046	14.9	15.6
Other Products of Forests.....	30,541	18,630	11,060	8,521	41,601	27,151	.6	.4
Totals.....	1,039,815	1,017,660	533,619	586,856	1,573,434	1,604,516	22.6	22.8
MANUFACTURES AND MISCELLANEOUS:								
Refined Petroleum.....	879,529	695,028	509,076	335,820	1,388,605	1,030,848	20.0	14.6
Vegetable Oils.....	1,914	2,736	5,070	5,276	6,984	8,012	.1	.1
Sugar, Syrup, Glucose and Molasses.....	4,927	4,921	35,898	61,601	40,825	66,522	.6	.9
Boats and Vessel Supplies.....			19		19		.0	.0
Iron, Pig and Bloom.....	30	300	3,229	5,866	3,259	6,166	.0	.1
Rails and Fastenings.....	11,352	9,963	4,813	3,811	16,165	13,774	.2	.2
Bar and Sheet Iron, Structural Iron and Iron Pipe.....	25,323	22,091	109,349	167,906	134,672	189,997	1.9	2.7
Other Metals, Pig, Bar and Sheet.....	1,106	1,361	25,838	24,286	26,944	25,647	.4	.4
Castings, Machinery and Boilers.....	5,027	5,296	13,965	21,113	18,992	26,409	.3	.4
Cement.....	650	681	36,551	34,693	37,201	35,374	.5	.5
Brick and Artificial Stone.....	18,966	43,263	41,925	67,526	60,891	110,789	.9	1.6
Lime and Plaster.....	1,117	1,448	4,556	4,664	5,673	6,112	.1	.1
Sewer Pipe and Drain Tile.....	7,358	11,599	1,553	1,846	8,911	13,445	.1	.2
Agricultural Implements and Vehicles, except automobiles.....	2,758	1,960	10,124	8,450	12,882	10,410	.2	.1
Automobiles and Auto Trucks..	2,771	1,619	23,622	23,500	26,393	25,119	.4	.4
Household Goods and Second Hand Furniture.....	2,405	2,953	2,272	3,029	4,677	5,982	.1	.1
Furniture (New).....	2,391	2,055	5,442	6,431	7,833	8,486	.1	.1
Beverages.....	142	105	1,508	1,703	1,650	1,808	.0	.0
Ice.....	19,066	20,349	15	140	19,081	20,489	.3	.3
Fertilizers (All Kinds).....	12,525	12,678	4,109	3,240	16,634	15,918	.2	.2
Paper, Printed Matter and Books.....	188	128	10,927	17,080	11,115	17,208	.2	.2
Chemicals and Explosives.....	22,537	17,178	22,933	26,141	45,470	43,319	.7	.6
Textiles.....	247	383	7,327	7,667	7,574	8,050	.1	.1
Canned Goods (All Canned Food Products).....	3,489	1,752	17,657	16,596	21,146	18,348	.3	.3
Other Manufactures and Miscellaneous.....	158,500	174,315	129,551	139,901	288,051	314,216	4.1	4.5
Totals.....	1,184,318	1,034,162	1,027,329	988,286	2,211,647	2,022,448	31.8	28.7
Merchandise—All L. C. L. Freight	69,858	78,105	38,939	38,585	108,797	116,690	1.6	1.6
GRAND TOTALS.....	4,024,117	3,831,368	2,934,721	3,214,764	6,958,838	7,046,132	100.0	100.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended December 31, 1924

Table No. 15

	1924	1923
TRAIN MILES.		
Freight:		
Ordinary	1,958,209	2,200,943
Light	13,706	32,921
Total Freight	1,971,915	2,233,864
Passenger	1,422,115	1,421,145
Mixed	5,490	5,590
Special	1,549	3,004
Total Transportation Service	3,401,069	3,663,603
Work Service	117,342	163,356
LOCOMOTIVE MILES.		
Freight:		
Principal	1,972,121	2,234,016
Helper	57,967	91,523
Light	73,842	99,587
Total Freight	2,103,930	2,425,126
Passenger:		
Principal	1,422,115	1,421,145
Helper	7,874	8,861
Light	9,891	12,670
Total Passenger	1,439,880	1,442,676
Mixed:		
Principal	5,490	5,590
Special:		
Principal	1,549	3,004
Light	35	
Total Special	1,584	3,004
Train Switching	45,245	45,287
Yard Switching:		
Freight	1,035,130	1,067,803
Passenger	15,590	15,896
Total Yard Switching	1,050,720	1,083,699
Total Transportation Service	4,646,849	5,005,382
Work Service	117,699	163,356
CAR MILES.		
Freight Train:		
Loaded	60,696,500	64,039,436
Empty	25,018,460	24,893,224
Subtotal	85,714,960	88,932,660
Caboose	1,971,915	2,233,864
Exclusive Work Equipment	258,939	269,174
Total Freight Train	87,945,814	91,435,698
Passenger Train:		
Passenger	3,310,687	3,564,965
Sleeping, Parlor and Observation	1,926,334	1,912,392
Dining	978	23
Other	3,269,960	3,039,761
Total Passenger Train	8,507,959	8,517,141
Mixed Train:		
Freight—Loaded	4,894	4,146
Freight—Empty	4,277	3,626
Passenger	5,490	5,524
Total Mixed Train	14,661	13,296
Special Train:		
Freight—Loaded	26,569	37,535
Freight—Empty	3,064	14
Caboose	1,321	2,123
Exclusive Work Equipment	371	
Passenger	9,160	10,373
Sleeping, Parlor and Observation		6,488
Other Passenger Train	406	1,417
Total Special Train	40,891	57,950
Total Transportation Service	96,509,325	100,024,085
Work Service	1,741,935	2,879,196
Average Freight Car Miles per Car-Day	40.9	39.7

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement Showing Performance of Locomotives for the Year Ended December 31, 1924

Table No. 16

	1924	1923
Cost of Repairs to Locomotives and Tenders.....	\$1,472,512.95	\$1,883,569.53
Per Mile run.....	.3091	.3644
Cost of Fuel used.....	\$1,823,310.78	\$2,203,403.17
Cost of Fuel Station Operation.....	60,632.17	72,386.49
Total Cost of Fuel per Mile run.....	.3954	.4403
Cost of Enginemen, Firemen and Roundhousemen.....	\$1,206,450.40	\$1,331,923.13
Per Mile run.....	.2532	.2577
Cost of Water Supply.....	\$ 121,789.99	\$ 123,897.90
Per Mile run.....	.0256	.0240
Cost of Lubricating Oil and Grease used.....	\$ 26,180.63	\$ 27,911.69
Per Mile run.....	.0055	.0054
Cost of Waste used.....	\$ 2,966.88	\$ 3,289.56
Per Mile run.....	.0006	.0006
Cost of Other Supplies.....	\$ 40,212.26	\$ 45,707.72
Per Mile run.....	.0084	.0088
Total Cost.....	\$4,754,056.06	\$5,692,089.19
Total Cost per Mile run.....	.9978	1.1012
Tons of Coal used.....	127,407	167,339
Price per Ton.....	\$4.71	\$4.67
Barrels of Fuel Oil used.....	1,151,603	1,222,150
Price per Barrel.....	\$1.12	\$1.21
Miles Run per Ton of Coal used.....	10.60	10.36
Miles Run per Barrel of Oil used.....	2.96	2.81
Pints of Lubricating Oil and Grease used.....	357,618	381,337
Price per Pint.....	\$.0732	\$.0732
Miles Run per Pint of Lubricating Oil and Grease used.....	13.32	13.55
Miles Run per Pint of All Oils used.....	11.04	11.04
Pounds of Waste used.....	24,440	30,196
Price per Pound.....	\$.1214	\$.1089
Miles Run per Pound of Waste used.....	194.94	171.17

NOTE.—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Condensed Statement of Comparative Operating Results for the Year Ended
December 31, 1924

Table No. 17

	1924	1923
Mileage Operated.....	854.09	841.55
Number of Tons carried:		
Revenue freight.....	6,958,838	7,046,132
Company freight.....	905,631	1,055,664
Average Distance (Miles) each ton was carried:		
Revenue freight.....	221.62	239.00
Including Company freight.....	209.69	225.37
Number of Tons carried one mile:		
Revenue freight.....	1,542,245,437	1,684,014,389
Company freight.....	106,833,160	141,898,433
Number of Tons carried one mile per mile of road:		
Revenue freight.....	1,805,718	2,001,087
Including Company freight.....	1,930,802	2,169,702
Tons to each loaded car:		
Revenue freight.....	25.41	26.28
Including Company freight.....	27.17	28.49
Tons to each loaded and empty car:		
Revenue freight.....	17.98	18.93
Including Company freight.....	19.23	20.52
Cars to each train:		
Loaded.....	30.78	28.67
Empty.....	12.69	11.14
Train Load in tons:		
Revenue freight.....	780.75	752.76
Including Company freight.....	834.83	816.19
Gross Ton Miles—Freight.....	3,476,915,242	3,616,515,279
Per freight train mile.....	1,763.22	1,618.95
Per freight locomotive mile.....	1,652.58	1,491.27
Number of Passengers carried—Earning revenue.....	1,041,183	1,323,840
Average Distance (Miles) each passenger was carried.....	57.51	53.22
Number of Passengers carried one mile.....	59,875,457	70,450,352
Per mile of road.....	70,104	83,715
Freight Revenue.....	\$16,927,685.08	\$18,086,261.74
Per mile of road.....	19,819.56	21,491.61
Per revenue freight train mile.....	8.56946	8.08458
Per ton of freight.....	2.43254	2.56684
Per ton per mile.....	.01098	.01074
Passenger Revenue.....	\$ 2,054,818.99	\$ 2,422,776.58
Per passenger.....	1.97354	1.83011
Per passenger per mile.....	.03432	.03439
Freight and Passenger Revenue.....	\$18,982,504.07	\$20,509,038.32
Per mile of road.....	22,225.42	24,370.55
Passenger Service Train Revenue.....	\$ 2,798,756.66	\$ 3,192,360.32
Per mile of road.....	3,276.89	3,793.43
Per revenue passenger train mile.....	1.96518	2.24266
Gross Revenues from Operation.....	\$21,024,012.20	\$22,485,099.09
Per mile of road.....	24,615.69	26,718.67
Per revenue train mile.....	6.18159	6.13743
Maintenance of Way and Structures.....	\$ 2,972,755.36	\$ 3,547,640.63
Per mile of road.....	3,480.61	4,215.60
Per revenue train mile.....	.87407	.96835
Maintenance of Equipment.....	\$ 3,858,494.40	\$ 4,274,864.58
Per mile of road.....	4,517.67	5,079.75
Per revenue train mile.....	1.13449	1.16685
Traffic Expenses.....	\$ 577,128.07	\$ 533,644.04
Per mile of road.....	675.72	634.12
Per revenue train mile.....	.16969	.14566
Transportation Expenses.....	\$ 6,794,325.37	\$ 7,401,645.16
Per mile of road.....	7,955.05	8,795.25
Per revenue train mile.....	1.99770	2.02032
Miscellaneous Operations.....	\$ 34,112.80	\$ 17,654.71
Per mile of road.....	39.94	20.98
Per revenue train mile.....	.01003	.00482
General Expenses.....	\$ 1,037,122.52	\$ 954,668.43
Per mile of road.....	1,214.30	1,134.42
Per revenue train mile.....	.30494	.26058
Transportation for Investment—Cr.....	\$ 17,409.89	\$ 21,306.14
Per mile of road.....	20.38	25.32
Per revenue train mile.....	.00512	.00582
Total Operating Expenses.....	\$15,256,528.63	\$16,708,811.41
Per mile of road.....	17,862.91	19,854.80
Per revenue train mile.....	4.48580	4.56076
Net Revenue from Operation.....	\$ 5,767,483.57	\$ 5,776,287.68
Per mile of road.....	6,752.78	6,863.87
Per revenue train mile.....	1.69579	1.57667
Ratio Operating Expenses to Gross Revenues.....	72.57%	74.31%
Ratio Operating Expenses and Taxes to Gross Revenues.....	78.66%	80.70%

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1924

Table No. 18

ASSETS	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment	\$1,285,021.22	\$1,284,613.35	\$ 407.87	
Miscellaneous Physical Property	167.00	167.00		
Total Investments	\$1,285,188.22	\$1,284,780.35	\$ 407.87	
CURRENT ASSETS.				
Cash	\$ 6,963.86	\$ 11,470.86		\$4,507.00
Traffic and Car-service Balances receivable	1,408.31	1,075.84	\$ 332.47	
Net Balance receivable from Agents and Conductors	53.24	328.86		273.62
Miscellaneous Accounts receivable	664.91	663.82	1.09	
Material and Supplies	1,012.00	2,392.66		1,380.66
Other Current Assets	23.92	25.42		1.50
Total Current Assets	\$ 10,126.24	\$ 15,955.46		\$5,829.22
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 60.00	\$ 7.27	\$ 52.73	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty	17,974.47	17,974.47		
Other accounts	255.87	375.19		\$ 119.32
Total Unadjusted Debits	\$ 18,290.34	\$ 18,356.93		\$ 66.59
Grand Totals	\$1,313,604.80	\$1,319,092.74		\$5,487.94

LIABILITIES	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
CAPITAL STOCK.	\$ 650,000.00	\$ 650,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 5 Per Cent. Bonds, due July 1, 1934	\$ 650,000.00	\$ 650,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Notes—The Kansas City Southern Ry. Co.	456,000.00	423,500.00	\$32,500.00	
Open Account—The Kansas City Southern Ry. Co.	304,290.48	263,290.48	41,000.00	
Total Long-term Debt	\$1,410,290.48	\$1,336,790.48	\$73,500.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable	\$ 891.10	\$ 1,573.13		\$ 682.03
Audited Accounts and Wages payable	10,338.41	11,630.66		1,292.25
Miscellaneous Accounts payable	141.05	141.05		
Unmatured Interest accrued—The Kansas City Southern Ry. Co.	2,708.33	2,708.33		
Other Current Liabilities	19.60	118.04		98.44
Total Current Liabilities	\$ 14,098.49	\$ 16,171.21		\$2,072.72
DEFERRED LIABILITIES.				
Other Deferred Liabilities	\$ 23.61	\$ 79.15		\$ 55.54
UNADJUSTED CREDITS.				
Tax Liability	\$ 6,458.33	\$ 6,758.33		\$ 300.00
Other Unadjusted Credits	1,096.70	1,210.07		113.37
Total Unadjusted Credits	\$ 7,555.03	\$ 7,968.40		\$ 413.37
Total Liabilities	\$2,081,967.61	\$2,011,009.24	\$70,958.37	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus	Cr. \$ 3,799.11	Cr. \$ 3,560.67	Cr. \$ 238.44	
Profit and Loss debit balance	772,161.92	695,477.17		76,684.75
Total Corporate Deficit	\$ 768,362.81	\$ 691,916.50	\$76,446.31	
Grand Totals	\$1,313,604.80	\$1,319,092.74		\$5,487.94

The above Balance Sheet as at December 31, 1924, in our opinion correctly shows the financial position of The Arkansas Western Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.
231 SOUTH LA SALLE STREET,
CHICAGO, March 31, 1925.

PRICE, WATERHOUSE & CO.

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1924

Table No. 19

	1924	1923
OPERATING INCOME.		
Railway Operating Revenues	\$ 50,381.62	\$ 49,473.03
Railway Operating Expenses	68,626.10	81,830.34
Net Revenue from Railway Operations—Deficit	\$ 18,244.48	\$ 32,357.31
Railway Tax Accruals	\$ 7,347.26	\$ 7,247.67
Uncollectible Railway Revenues	88.50	23
Total Tax Accruals and Uncollectible Revenues	\$ 7,435.76	\$ 7,247.90
Total Operating Income—Deficit	\$ 25,680.24	\$ 39,605.21
NONOPERATING INCOME.		
Income from Lease of Road		\$ 85.52
Miscellaneous Rent Income	\$ 132.00	96.00
Income from Unfunded Securities and Accounts	149.03	192.64
Miscellaneous Income		2.00
Total Nonoperating Income	\$ 281.03	\$ 376.16
Gross Income—Deficit	\$ 25,399.21	\$ 39,229.05
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 2,803.76	\$ 3,216.40
Rent for Locomotives	10,133.96	10,584.06
Rent for Passenger-train Cars	5,966.40	6,239.20
Interest on Funded Debt	32,500.00	32,500.00
Interest on Unfunded Debt	2.68	4.43
Total Deductions from Gross Income	\$ 51,406.80	\$ 52,544.09
Net Income—Deficit	\$ 76,806.01	\$ 91,773.14
Profit and Loss Account for the Year Ended December 31, 1924		
	DEBITS	CREDITS
Debit Balance at beginning of year	\$695,477.17	
Unrefundable Overcharges		\$ 46.95
Donations		238.44
Miscellaneous Credits		302.46
Surplus Appropriated for Investment in Physical Property	238.44	
Loss on Retired Road and Equipment	228.15	
Debit Balance transferred from Income	76,806.01	
Debit Balance carried to Balance Sheet		772,161.92
Totals	\$772,749.77	\$772,749.77

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1924

Table No. 20

	1924	1923
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight	\$36,415.52	\$30,224.26
Passenger	9,349.51	14,636.33
Excess Baggage	182.01	150.35
Mail	1,987.44	1,987.55
Express	1,543.44	1,679.82
Other Passenger-train		16.41
Special Service Train	399.78	
INCIDENTAL	503.92	778.31
Total Railway Operating Revenues	\$50,381.62	\$49,473.03
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES	\$36,373.50	\$39,954.57
MAINTENANCE OF EQUIPMENT	3,668.45	7,596.20
TRAFFIC	601.79	625.33
TRANSPORTATION—RAIL LINE	25,333.71	31,165.34
GENERAL	2,648.65	2,488.90
Total Railway Operating Expenses	\$68,626.10	\$81,830.34
Net Revenue from Railway Operations—Deficit	\$18,244.48	\$32,357.31
RAILWAY TAX ACCRUALS	\$ 7,347.26	\$ 7,247.67
UNCOLLECTIBLE RAILWAY REVENUES	88.50	.23
Total Tax Accruals and Uncollectible Revenues	\$ 7,435.76	\$ 7,247.90
Total Operating Income—Deficit	\$25,680.24	\$39,605.21

NOTE.—For Federal lap-over items, not included above, see page 59.

THE POTEAU VALLEY RAILROAD COMPANY

Comparative General Balance Sheet, December 31, 1924

Table No. 21

ASSETS	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$103,930.90	\$103,930.90		
CURRENT ASSETS.				
Cash.....	\$ 2,401.01	\$ 2,486.84		\$ 85.83
Traffic and Car-service Balances receivable.....	773.71	1,637.36		863.65
Net Balance receivable from Agents and Conductors.....	9.68	.52	\$ 9.16	
Miscellaneous Accounts receivable.....	90.52	234.92		144.40
Material and Supplies.....	139.37	123.62	15.75	
Other Current Assets.....	1.34	.52	.82	
Total Current Assets.....	\$ 3,415.63	\$ 4,483.78		\$1,068.15
DEFERRED ASSETS.				
Other Deferred Assets.....		\$ 11.31		\$ 11.31
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 68.83	\$ 2.41	\$ 66.42	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	10,208.38	10,208.38		
Other accounts.....	170.39	244.93		\$ 74.54
Total Unadjusted Debits.....	\$ 10,447.60	\$ 10,455.72		\$ 8.12
Grand Totals	\$117,794.13	\$118,881.71		\$1,087.58

LIABILITIES	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
CAPITAL STOCK	\$100,800.00	\$100,800.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$152,536.28	\$121,536.28	\$31,000.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 111.38	\$ 292.04		\$ 180.66
Audited Accounts and Wages payable.....	3,734.22	5,501.26		1,767.04
Miscellaneous Accounts payable.....	12.42	.65	\$ 12.42	
Other Current Liabilities.....	148.41	.65	147.76	
Total Current Liabilities.....	\$ 4,006.43	\$ 5,793.95		\$1,787.52
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 2,000.00	\$ 1,995.00	\$ 5.00	
Accrued Depreciation—Equipment.....	294.58	260.26	34.32	
Other Unadjusted Credits.....	455.61	658.06		\$ 202.45
Total Unadjusted Credits.....	\$ 2,750.19	\$ 2,913.32		\$ 163.13
Total Liabilities.....	\$260,092.90	\$231,043.55	\$29,049.35	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	\$142,298.77	\$112,161.84	\$30,136.93	
Grand Totals	\$117,794.13	\$118,881.71		\$1,087.58

The above Balance Sheet as at December 31, 1924, in our opinion correctly shows the financial position of The Poteau Valley Railroad Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, March 31, 1925.

PRICE, WATERHOUSE & CO.

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Income Account for the Year Ended December 31, 1924

Table No. 22

	1924	1923
OPERATING INCOME.		
Railway Operating Revenues	\$ 14,155.68	\$ 20,834.52
Railway Operating Expenses	27,364.63	28,016.75
Net Revenue from Railway Operations—Deficit	\$ 13,208.95	\$ 7,182.23
Railway Tax Accruals	\$ 1,790.18	\$ 2,268.00
Uncollectible Railway Revenues	11.20	
Total Tax Accruals and Uncollectible Revenues	\$ 1,801.38	\$ 2,268.00
Total Operating Income—Deficit	\$ 15,010.33	\$ 9,450.23
NONOPERATING INCOME.		
Income from Lease of Road		Dr. \$ 672.86
Miscellaneous Rent Income	\$ 12.00	12.00
Income from Unfunded Securities and Accounts	52.51	54.47
Miscellaneous Income		2.00
Total Nonoperating Income	\$ 64.51	\$ 604.39*
Gross Income—Deficit	\$ 14,945.82	\$ 10,054.62
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 4,348.00	\$ 5,740.00
Rent for Locomotives	10,850.49	10,559.45
Total Deductions from Gross Income	\$ 15,198.49	\$ 16,299.45
Net Income—Deficit	\$ 30,144.31	\$ 26,354.07

*Deficit

Profit and Loss Account for the Year Ended December 31, 1924

	DEBITS	CREDITS
Debit Balance at beginning of year	\$112,161.84	
Unrefundable Overcharges		\$ 2.81
Miscellaneous Credits		4.57
Debit Balance transferred from Income	30,144.31	
Debit Balance carried to Balance Sheet		142,298.77
Totals	\$142,306.15	\$142,306.15

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1924

Table No. 23

	1924	1923
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$12,859.73	\$19,171.18
Passenger.....	783.53	1,049.98
Excess Baggage.....	.90	5.56
Mail.....	378.12	503.08
INCIDENTAL.....	133.40	104.72
Total Railway Operating Revenues.....	\$14,155.68	\$20,834.52
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 9,932.19	\$ 8,451.90
MAINTENANCE OF EQUIPMENT.....	1,304.41	1,216.83
TRAFFIC.....	.93	.38
TRANSPORTATION—RAIL LINE.....	14,964.34	17,289.03
GENERAL.....	1,162.76	1,058.61
Total Railway Operating Expenses.....	\$27,364.63	\$28,016.75
Net Revenue from Railway Operations—Deficit.....	\$13,208.95	\$ 7,182.23
RAILWAY TAX ACCRUALS.....	\$ 1,790.18	\$ 2,268.00
UNCOLLECTIBLE RAILWAY REVENUES.....	11.20	
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,801.38	\$ 2,268.00
Total Operating Income—Deficit.....	\$15,010.33	\$ 9,450.23

NOTE.—For Federal lap-over items, not included above, see page 59.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY

Comparative General Balance Sheet, December 31, 1924

Table No. 24

ASSETS	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment	\$573,873.37	\$572,560.19	\$ 1,313.18	
CURRENT ASSETS.				
Cash	\$ 26,873.01	\$ 23,567.77	\$ 3,305.24	
Special Deposits	120.00	110.00	10.00	
Miscellaneous Accounts receivable	14,702.43	30,313.05		\$15,610.62
Rents receivable	6,671.78	2,500.00	4,171.78	
Total Current Assets	\$ 48,367.22	\$ 56,490.82		\$ 8,123.60
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 1,872.35	\$ 449.69	\$ 1,422.66	
Other Unadjusted Debits	57.33	25.00	32.33	
Total Unadjusted Debits	\$ 1,929.68	\$ 474.69	\$ 1,454.99	
Grand Totals	\$624,170.27	\$629,525.70		\$ 5,355.43

LIABILITIES	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
CAPITAL STOCK	\$150,000.00	\$150,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 4 Per Cent. Gold Bonds, due August 1, 1927	\$150,000.00	\$150,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	219,825.98	242,018.98		\$22,193.00
Total Long-term Debt	\$369,825.98	\$392,018.98		\$22,193.00
CURRENT LIABILITIES.				
Audited Accounts and Wages payable	\$ 12,565.93	\$ 16,387.25		\$ 3,821.32
Miscellaneous Accounts payable	1,427.00	1,161.40	\$ 265.60	
Interest Matured unpaid	120.00	110.00	10.00	
Unmatured Interest accrued	2,500.00	2,500.00		
Other Current Liabilities	183.40	214.85		31.45
Total Current Liabilities	\$ 16,796.33	\$ 20,373.50		\$ 3,577.17
UNADJUSTED CREDITS.				
Tax Liability	\$ 7,067.78	\$ 3,445.00	\$ 3,622.78	
Other Unadjusted Credits		37.12		\$ 37.12
Total Unadjusted Credits	\$ 7,067.78	\$ 3,482.12	\$ 3,585.66	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus	\$ 139.94	\$ 139.94		
Appropriated Surplus not specifically invested	12,521.53	9,032.47	\$ 3,489.06	
Profit and Loss credit balance	67,818.71	54,478.69	13,340.02	
Total Corporate Surplus	\$ 80,480.18	\$ 63,651.10	\$16,829.08	
Grand Totals	\$624,170.27	\$629,525.70		\$ 5,355.43

The above Balance Sheet as at December 31, 1924, in our opinion correctly shows the financial position of The Kansas City, Shreveport and Gulf Terminal Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, March 31, 1925.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1924

Table No. 25

	1924	1923
RAILWAY OPERATING REVENUES.		
INCIDENTAL.....	\$ 5,733.53	\$ 2,514.50
JOINT FACILITY.....	Dr. 5,733.53	Dr. 2,514.50
Total Railway Operating Revenues.....		
RAILWAY TAX ACCRUALS.....	\$ 8,388.14	\$12,815.93
Total Operating Income—Deficit.....	\$ 8,388.14	\$12,815.93
NONOPERATING INCOME.		
Joint Facility Rent Income.....	\$29,300.21	\$28,566.60
Income from Lease of Road.....		42.87
Miscellaneous Rent Income.....	1,813.78	2,160.77
Income from Unfunded Securities and Accounts.....	659.53	148.38
Total Nonoperating Income.....	\$31,773.52	\$30,918.62
Gross Income.....	\$23,385.38	\$18,102.69
DEDUCTIONS FROM GROSS INCOME.		
Joint Facility Rents.....	\$ 566.03	
Interest on Funded Debt.....	6,000.00	\$ 6,000.00
Miscellaneous Appropriations of Income.....	3,489.06	1,819.62
Total Deductions from Gross Income.....	\$10,055.09	\$ 7,819.62
Net Income.....	\$13,330.29	\$10,283.07
Profit and Loss Account for the Year Ended December 31, 1924		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$54,478.69
Credit Balance transferred from Income.....		13,330.29
Miscellaneous Credits.....		9.73
Credit Balance carried to Balance Sheet.....	\$67,818.71	
Totals.....	\$67,818.71	\$67,818.71

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative General Balance Sheet, December 31, 1924

Table No. 26

ASSETS	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
INVESTMENTS.				
Property Investment	\$3,090,424.91	\$3,069,203.74	\$21,221.17	
CURRENT ASSETS.				
Cash:				
Deposit with Trustee under First Mortgage	\$ 480,000.00	\$ 480,000.00		
Miscellaneous Deposits	27,461.15	489,497.54		\$462,036.39
Special Deposits	1,080.00		\$ 1,080.00	
Net Balance receivable from Agents	2,093.64	6,987.20		4,893.56
Miscellaneous Accounts receivable	8,814.30	57,374.52		48,560.22
Rents receivable	60,625.93		60,625.93	
Total Current Assets	\$ 580,075.02	\$1,033,859.26		\$453,784.24
DEFERRED ASSETS.				
Other Deferred Assets		\$ 164.48		\$ 164.48
UNADJUSTED DEBITS.				
Discount on Funded Debt	\$ 117,682.63	\$ 115,433.52	\$ 2,249.11	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty	26,832.16	26,832.16		
Total Unadjusted Debits	\$ 144,514.79	\$ 142,265.68	\$ 2,249.11	
Grand Totals	\$3,815,014.72	\$4,245,493.16		\$430,478.44

LIABILITIES	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
CAPITAL STOCK	\$ 500,000.00	\$ 500,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 6 Per Cent. Gold Bonds, Series A, due February 1, 1953	\$2,000,000.00	\$2,000,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	661,093.65	1,110,873.31		\$449,779.66
Total Long-term Debt	\$2,661,093.65	\$3,110,873.31		\$449,779.66
CURRENT LIABILITIES.				
Audited Accounts and Wages payable	\$ 28,447.61	\$ 30,441.65		\$ 1,994.04
Miscellaneous Accounts payable	8,328.18		\$ 8,328.18	
Interest Matured unpaid	1,080.00		1,080.00	
Unmatured Interest accrued	50,000.00	50,000.00		
Other Current Liabilities	1,114.50		1,114.50	
Total Current Liabilities	\$ 88,970.29	\$ 80,441.65	\$ 8,528.64	
DEFERRED LIABILITIES.				
Other Deferred Liabilities	\$ 26,108.88	\$ 37,002.50		\$ 10,893.62
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus	\$ 108.00	\$ 108.00		
Profit and Loss credit balance	538,733.90	517,067.70	\$21,666.20	
Total Corporate Surplus	\$ 538,841.90	\$ 517,175.70	\$21,666.20	
Grand Totals	\$3,815,014.72	\$4,245,493.16		\$430,478.44

Expression has not been given in the above Balance Sheet to an agreement entered into in December, 1924, for the sale of \$500,000.00 face amount of First Mortgage 6 Per Cent. Gold Bonds, Series B, which transaction was not carried out until February, 1925.

The above Balance Sheet as at December 31, 1924, in our opinion correctly shows the financial position of the Port Arthur Canal and Dock Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, March 31, 1925.

PRICE, WATERHOUSE & CO.

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1924

Table No. 27

	1924	1923
OPERATING REVENUES.		
INCIDENTAL.....	\$ 71.51	\$ 15,102.08
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 119.29	\$ 3,784.56
TRANSPORTATION.....	35.65	3,208.75
MISCELLANEOUS OPERATIONS.....		2,845.31
GENERAL.....	30.00	237.00
Total Operating Expenses.....	\$ 184.94	\$ 10,075.62
Net Revenue from Operations.....	\$ 113.45*	\$ 5,026.46
TAX ACCRUALS.....		\$ 1,245.69
UNCOLLECTIBLE REVENUES.....	\$ 7.87	
Total Operating Income.....	\$ 121.30*	\$ 3,780.77
NONOPERATING INCOME.		
Income from Lease of Road.....	\$125,414.07	\$ 30,824.29
Miscellaneous Rent Income.....	3,000.00	2,907.63
Income from Unfunded Securities and Accounts.....	29,420.33	3,153.38
Miscellaneous Income.....	4.00	
Total Nonoperating Income.....	\$157,838.40	\$ 36,885.30
Gross Income.....	\$157,717.10	\$ 40,666.07
DEDUCTIONS FROM GROSS INCOME.		
Interest on Funded Debt.....	\$129,944.04	\$ 47,553.78
Interest on Unfunded Debt.....		874.63
Amortization of Discount on Funded Debt.....	4,679.68	1,256.89
Miscellaneous Income Charges.....	1,264.50	
Total Deductions from Gross Income.....	\$135,888.22	\$ 49,685.30
Net Income.....	\$ 21,828.88	\$ 9,019.25*
*Deficit		
Profit and Loss Account for the Year Ended December 31, 1924		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$517,067.70
Credit Balance transferred from Income.....		21,828.88
Miscellaneous Credits.....		1.80
Miscellaneous Debits.....	\$ 164.48	
Credit Balance carried to Balance Sheet.....	538,733.90	
Totals.....	\$538,898.38	\$538,898.38

THE K. C. S. ELEVATOR COMPANY
Comparative General Balance Sheet, December 31, 1924

Table No. 28

ASSETS	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
INVESTMENTS.				
Property Investment	\$188,687.05	\$188,687.05		
CURRENT ASSETS.				
Cash	\$ 4,813.04	\$ 2,564.95	\$ 2,248.09	
Miscellaneous Accounts receivable	1,992.74	.....	1,992.74	
Total Current Assets	\$ 6,805.78	\$ 2,564.95	\$ 4,240.83	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 365.60	\$ 660.10	.....	\$ 294.50
Grand Totals	\$195,858.43	\$191,912.10	\$ 3,946.33	

LIABILITIES	DECEMBER 31, 1924	DECEMBER 31, 1923	INCREASE	DECREASE
CAPITAL STOCK	\$ 25,000.00	\$ 25,000.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	\$142,734.03	\$131,604.03	\$11,130.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable	\$ 24.05	\$ 67.20	.....	\$ 43.15
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
Moore-Seaver Grain Co.	\$113,277.23	\$121,407.23	.....	\$8,130.00
UNADJUSTED CREDITS.				
Tax Liability	\$ 583.33	\$ 700.00	.....	\$ 116.67
Other Unadjusted Credits	1,250.00	1,250.00		
Total Unadjusted Credits	\$ 1,833.33	\$ 1,950.00	.....	\$ 116.67
Total Liabilities	\$282,868.64	\$280,028.46	\$ 2,840.18	
CORPORATE DEFICIT.				
Profit and Loss debit balance	\$ 87,010.21	\$ 88,116.36	.....	\$1,106.15
Grand Totals	\$195,858.43	\$191,912.10	\$ 3,946.33	

The above Balance Sheet as at December 31, 1924, in our opinion correctly shows the financial position of The K. C. S. Elevator Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, March 31, 1925.

PRICE, WATERHOUSE & CO.

THE K. C. S. ELEVATOR COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1924

Table No. 29

	1924	1923
OPERATING REVENUES.		
INCIDENTAL	\$15,028.04	\$13,825.45
Total Operating Revenues.....	\$15,028.04	\$13,825.45
OPERATING EXPENSES.		
MAINTENANCE	\$ 6,617.99	\$22,533.66
GENERAL	26.25	16.50
Total Operating Expenses.....	\$ 6,644.24	\$22,550.16
Net Revenue from Operations.....	\$ 8,383.80	\$ 8,724.71*
TAX ACCRUALS	297.75	1,033.51
Total Operating Income.....	\$ 8,086.05	\$ 9,758.22*
NONOPERATING INCOME	\$ 75.81	\$ 74.74
Gross Income.....	\$ 8,161.86	\$ 9,833.43*
DEDUCTIONS FROM GROSS INCOME	\$ 7,055.71	\$ 6,223.30
Net Income.....	\$ 1,106.15	\$15,906.78*
*Deficit.		
Profit and Loss Account for the Year Ended December 31, 1924		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$88,116.36	
Credit Balance transferred from Income.....		\$ 1,106.15
Debit Balance carried to Balance Sheet.....		87,010.21
Totals.....	\$88,116.36	\$88,116.36

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Income Account for the Year Ended December 31, 1924

Table No. 30

OPERATING REVENUES.		
Freight	\$16,976,960.33	
Passenger	2,064,952.03	
Switching	846,971.93	
Excess Baggage	19,283.93	
Special Service Train	8,210.81	
Mail	250,876.37	
Express	473,083.99	
Other Freight-train	3,525.43	
Other Passenger-train	4,785.29	
Incidental	176,822.82	
Joint Facility	263,148.08	\$21,088,621.01
OPERATING EXPENSES.		
Maintenance of Way and Structures	\$ 3,019,886.26	
Maintenance of Equipment	3,863,902.83	
Traffic	577,730.79	
Transportation—Rail Line	6,835,319.07	
General	1,075,076.73	
Transportation for Investment—Cr.	17,409.89	15,354,505.79
Net Revenue from Operation		\$ 5,734,115.22
Tax Accruals	\$ 1,298,336.37	
Uncollectible Railway Revenues	5,399.42	1,303,735.79
Total Operating Income		\$ 4,430,379.43
NONOPERATING INCOME.		
Rent from Locomotives	\$ 60,372.47	
Rent from Passenger-train Cars	30,022.44	
Rent from Work Equipment	9,518.05	
Joint Facility Rent Income	195,054.62	
Income from Lease of Road	1,012.21	
Miscellaneous Rent Income	29,236.78	
Miscellaneous Nonoperating Physical Property	28,190.58	
Income from Unfunded Securities and Accounts	187,692.54	
Miscellaneous Income	297.51	541,397.20
Gross Income		\$ 4,971,776.63
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 554,331.90	
Rent for Locomotives	53,073.57	
Rent for Passenger-train Cars	78,544.83	
Rent for Work Equipment	3,273.50	
Joint Facility Rents	228,116.51	
Miscellaneous Rents	654.18	
Miscellaneous Tax Accruals	403.70	
Interest on Funded Debt	2,034,571.35	
Interest on Unfunded Debt	38,188.90	
Miscellaneous Income Charges	33,510.63	3,024,669.07
Net Income		\$ 1,947,107.56
DIVIDEND APPROPRIATIONS OF INCOME.		
Dividends on Preferred Stock		840,000.00
Income Balance transferred to Profit and Loss		\$ 1,107,107.56

Combined Profit and Loss Account for the Year Ended December 31, 1924

	DEBITS	CREDITS
Credit Balance at beginning of year		\$13,405,756.58
Credit Balance transferred from Income		1,107,107.56
Profit on Road and Equipment sold		3,629.65
Unrefundable Overcharges		3,450.12
Donations		32,479.79
Miscellaneous Credits		12,390.28
Surplus Appropriated for Investment in Physical Property	\$ 29,012.93	
Debt Discount Extinguished through Surplus	261.37	
Loss on Retired Road and Equipment	91,166.42	
Reserves for Property Replacement	3,489.06	
Miscellaneous Debits	37,510.54	
Credit Balance carried to Balance Sheet	14,403,373.66	
Totals	\$14,564,813.98	\$14,564,813.98

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Balance Sheet, December 31, 1924

Table No. 31

ASSETS		
INVESTMENTS.		
Investment in Road and Equipment (including Wharfage Property)	\$113,150,347.38	
Deposits in lieu of Mortgage Property sold	1,506,731.39	
Miscellaneous Physical Property	1,165,297.94	
Investments in Affiliated Companies:		
Stocks	\$ 193,336.33	
Bonds	689,227.63	
Advances	69,657.66	952,221.62
Other Investments:		
Stocks	\$1,000,097.00	
Notes	230.27	
Miscellaneous	10,001.00	1,010,328.27
Total Investments		\$117,784,926.60
CURRENT ASSETS.		
Cash	\$ 1,839,710.81	
Special Deposits:		
Against Purchase of Securities	\$ 853,769.12	
Other Special Deposits	1,427,246.14	2,281,015.26
Loans and Bills receivable	191,128.79	
Traffic and Car-service Balances receivable	492,931.62	
Net Balance receivable from Agents and Conductors	105,008.46	
Miscellaneous Accounts receivable	680,896.95	
Material and Supplies	2,062,957.26	
Interest and Dividends receivable	437.79	
Other Current Assets	8,743.84	
Total Current Assets		7,662,830.78
DEFERRED ASSETS.		
Working Fund Advances	\$ 13,570.89	
Other Deferred Assets	35,439.10	
Total Deferred Assets		49,009.99
UNADJUSTED DEBITS.		
Rents and Insurance Premiums paid in advance	\$ 64,377.92	
Property Abandoned chargeable to Operating Expenses	89,993.40	
Other Unadjusted Debits:		
U. S. Government—Income Guaranty	\$ 668,120.43	
Other accounts	1,031,633.48	1,699,753.91
Total Unadjusted Debits		1,854,125.33
Grand Total		\$127,350,892.60

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Balance Sheet, December 31, 1924

Table No. 31

LIABILITIES		
CAPITAL STOCK.		
Common Stock:		
Book Liability	\$30,000,000.00	
Held by or for Company	40,100.00	\$ 29,959,900.00
Preferred Stock:		
Book Liability	\$21,000,000.00	
Held by or for Company		21,000,000.00
Total Capital Stock		\$ 50,959,900.00
GOVERNMENTAL GRANTS.		
Grants in Aid of Construction		7,483.50
LONG-TERM DEBT.		
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950	\$ 30,000,000.00	
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950	18,000,000.00	
First Mortgage 4 Per Cent. Gold Bonds of The Kansas City, Shreveport and Gulf Terminal Company, due August 1, 1927	\$ 150,000.00	
Owned by Company	24,000.00	126,000.00
First Mortgage 6 Per Cent. Gold Bonds, Series A, of Port Arthur Canal and Dock Company, due February 1, 1953	2,000,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes	699,600.00	
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates	1,512,000.00	
Purchase Money Obligations secured by Bonds	18,283.20	
Total Long-term Debt		52,355,883.20
CURRENT LIABILITIES.		
Loans and Bills payable	\$ 1,014,119.35	
Traffic and Car-service Balances payable	639,186.44	
Audited Accounts and Wages payable	2,095,197.20	
Miscellaneous Accounts payable	70,860.98	
Interest Matured unpaid	487,145.00	
Dividends Matured unpaid	13,393.00	
Unmatured Dividends declared	210,000.00	
Unmatured Interest accrued	324,059.00	
Unmatured Rents accrued	8,192.42	
Other Current Liabilities	109,387.50	
Total Current Liabilities		4,971,540.89
DEFERRED LIABILITIES.		
Other Deferred Liabilities		472,677.70
UNADJUSTED CREDITS.		
Tax Liability	\$ 1,331,816.19	
Accrued Depreciation	1,636,310.77	
Other Unadjusted Credits	593,393.45	
Total Unadjusted Credits		3,561,520.41
CORPORATE SURPLUS.		
Additions to Property through Income and Surplus	\$ 404,655.65	
Appropriated Surplus not specifically invested	213,857.59	
Profit and Loss credit balance	14,403,373.66	
Total Corporate Surplus		15,021,886.90
Grand Total		\$127,350,892.60

In the above statement all intercompany accounts are eliminated, so that the Combined Balance Sheet shows the Liabilities to the public and the Assets available against the same.

Expression has not been given in the above Balance Sheet to agreements entered into in December, 1924, for the sale of \$3,000,000.00 face amount of Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds of The Kansas City Southern Railway Company and of \$500,000.00 face amount of First Mortgage 6 Per Cent. Gold Bonds, Series B, of the Port Arthur Canal and Dock Company, which transactions were not carried out until January and February, 1925.

We have examined the books and accounts of The Kansas City Southern Railway Company and its Subsidiary Companies for the year ended December 31, 1924, and we certify that the above Combined Balance Sheet is properly drawn up therefrom and in our opinion correctly sets forth the financial position of the Companies at that date.

231 SOUTH LA SALLE STREET,
CHICAGO, March 31, 1925.

PRICE, WATERHOUSE & CO.

APPENDIX

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the
Railway Companies to the United States Railroad Administration**

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight	\$ 631.06	
Passenger	67.32	
Switching	1,102.94	\$1,801.32
INCIDENTAL		Dr. 1.05
Total Revenues Prior to March 1, 1920		\$1,800.27

**Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the
Railway Companies to the United States Railroad Administration**

RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES	\$ 164.51	
MAINTENANCE OF EQUIPMENT	Cr. 115.13	
TRANSPORTATION—RAIL LINE	4,506.85	
GENERAL	Cr. 170.17	\$4,386.06
RAILWAY TAX ACCRUALS		Cr. 4,699.96
UNCOLLECTIBLE RAILWAY REVENUES		Cr. 106.49
Total Expenses Prior to March 1, 1920		Cr. \$ 420.39

THE ARKANSAS WESTERN RAILWAY COMPANY
Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the
Railway Company to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight	Dr.	\$ 76.91
Total Revenues Prior to March 1, 1920	Dr.	\$ 76.91

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the
Railway Company to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.		
UNCOLLECTIBLE RAILWAY REVENUES		\$ 2.02
Total Expenses Prior to March 1, 1920		\$ 2.02

THE POTEAU VALLEY RAILROAD COMPANY
Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the
Railroad Company to the United States Railroad Administration

RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight		\$.60
Total Revenues Prior to March 1, 1920		\$.60

Pandick Press



22 THAMES STREET
NEW YORK



1925

TWENTY-SIXTH ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1925

COMPLIMENTS OF

L. J. HENSLEY

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TWENTY-SIXTH ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1925

52

CORPORATE ORGANIZATION

DIRECTORS

L. F. LOREE, Chairman of the Board, New York.			
JAMES A. BLAIR,	New York.	MASON B. STARRING,	New York.
PIERPONT V. DAVIS,	New York.	JOSEPH F. STILLMAN,	New York.
HARRY B. LAKE,	New York.	W. G. STREET,	New York.
WILLIAM C. LOREE,	New York.	ARTHUR TURNBULL,	New York.
SAMUEL MCROBERTS,	New York.	J. A. EDSON,	Kansas City, Mo.
ANDREW J. MILLER,	New York.	GEO. M. MYERS,	Kansas City, Mo.
WALTER T. ROSEN,	New York.	EDWARD F. SWINNEY,	Kansas City, Mo.

EXECUTIVE COMMITTEE

L. F. LOREE, Chairman,		
JAMES A. BLAIR,		WALTER T. ROSEN,
ANDREW J. MILLER,		ARTHUR TURNBULL.

OFFICERS

J. A. EDSON,	President.....	Kansas City, Mo.
A. M. CALHOUN,	Vice-President and Assistant to the President.....	Kansas City, Mo.
G. B. WOOD,	Assistant to the President.....	Kansas City, Mo.
HAL GAYLORD,	Assistant to the President.....	Kansas City, Mo.
G. P. WILLIAMS,	Assistant to the President.....	Beaumont, Tex.
J. F. HOLDEN,	Vice-President in Charge of Traffic.....	Kansas City, Mo.
H. A. WEAVER,	General Freight Agent.....	Kansas City, Mo.
S. G. WARNER,	General Passenger and Ticket Agent.....	Kansas City, Mo.
G. C. HAND,	Vice-President and Secretary.....	New York.
G. W. MULLER,	Assistant Secretary and Transfer Agent.....	New York.
B. B. SANFORD,	Assistant Secretary.....	New York.
L. J. HENSLEY,	Comptroller and Assistant Secretary.....	Kansas City, Mo.
I. C. MCGEE,	Treasurer.....	Kansas City, Mo.
J. M. SALTER,	Assistant Treasurer.....	Kansas City, Mo.
J. J. WEISS,	Assistant Treasurer.....	New York.
SAMUEL UNTERMYER,	Counsel.....	New York.
S. W. MOORE,	General Counsel.....	New York.
F. H. MOORE,	General Solicitor.....	Kansas City, Mo.
A. F. SMITH,	Assistant General Solicitor.....	Kansas City, Mo.
W. E. DAVIS,	Commerce Counsel.....	Kansas City, Mo.
C. E. JOHNSTON,	Vice-President and General Manager.....	Kansas City, Mo.
E. H. HOLDEN,	General Superintendent of Transportation.....	Kansas City, Mo.
F. H. HOOPER,	Superintendent of Car Service.....	Kansas City, Mo.
O. CORNELISEN,	Superintendent, Northern Division.....	Pittsburg, Kas.
W. N. DERAMUS,	Superintendent, Southern Division.....	Texarkana, Tex.
A. N. REECE,	Chief Engineer.....	Kansas City, Mo.
M. A. HALL,	Superintendent of Machinery.....	Pittsburg, Kas.
J. M. PRICKETT,	Superintendent of Personnel.....	Kansas City, Mo.
B. B. BRAIN,	Purchasing Agent.....	Kansas City, Mo.

Stocks are transferred and Bonds registered or transferred at the New York Office.

NEW YORK OFFICE, 25 Broad Street.

GENERAL OFFICES, Kansas City, Mo.

KANSAS CITY, Mo., MAY 27, 1926.

To the Stockholders of

THE KANSAS CITY SOUTHERN RAILWAY COMPANY:

The twenty-sixth annual report of the affairs of your Company, being for the year ended December 31, 1925, is herewith presented.

SUMMARY OF OPERATIONS.

That portion of the system lying within the State of Texas, the mileage of which is included in the operated mileage of your Company, is operated separately by its owner, the Texarkana and Fort Smith Railway Company, which maintains its own general offices and books of account at Texarkana, Texas, in accordance with the State law. The reports of that company are, however, combined with those of the parent Company in so far as necessary to enable a comprehensive survey of operations for the entire line from Kansas City to the Gulf.

The succeeding statement shows the results of operation for the year, compared with such results for the preceding year:

	1925		1924		INCREASE	DECREASE
AVERAGE MILEAGE OPERATED.....	865.10		854.09		11.01	
RAILWAY OPERATING REVENUES.						
Freight.....	\$17,439,572.02	82.40%	\$16,927,685.08	80.52%	\$511,886.94	
Passenger.....	1,749,398.82	8.27	2,054,818.99	9.77		\$305,420.17
Excess Baggage.....	15,206.47	.07	19,101.02	.09		3,894.55
Mail.....	263,891.90	1.25	248,510.81	1.18	15,381.09	
Express.....	426,260.54	2.01	471,540.55	2.24		45,280.01
Other Passenger-train.....	5,412.38	.03	4,785.29	.02	627.09	
Switching.....	960,642.48	4.54	846,971.93	4.03	113,670.55	
Special Service Train.....	7,160.89	.03	7,811.03	.04		650.14
Other Freight-train.....	6,150.51	.03	3,525.43	.02	2,625.08	
Incidental and Joint Facility.....	291,459.14	1.37	439,262.07	2.09		147,802.93
Total.....	\$21,165,155.15	100.00%	\$21,024,012.20	100.00%	\$141,142.95	
RAILWAY OPERATING EXPENSES.						
Maintenance of Way and Structures..	\$ 2,843,099.57	13.43%	\$ 2,972,755.36	14.14%		\$129,655.79
Maintenance of Equipment.....	3,473,566.90	16.41	3,858,494.40	18.35		384,927.50
Traffic.....	634,670.85	3.00	577,128.07	2.75	\$ 57,542.78	
Transportation.....	6,607,756.97	31.22	6,794,325.37	32.32		186,568.40
Miscellaneous Operations.....	18,067.15	.08	34,112.80	.16		16,045.65
General.....	1,040,908.69	4.92	1,037,122.52	4.93	3,786.17	
Transportation for Investment—Cr...	32,266.62	.15	17,409.89	.08	14,856.73	
Total.....	\$14,585,803.51	68.91%	\$15,256,528.63	72.57%		\$670,725.12
NET REVENUE FROM RAILWAY OPERATIONS.....	\$ 6,579,351.64	31.09%	\$ 5,767,483.57	27.43%	\$811,868.07	
RAILWAY TAX ACCRUALS.....	\$ 1,350,567.66	6.39%	\$ 1,280,810.79	6.09%	\$ 69,756.87	
UNCOLLECTIBLE RAILWAY REVENUES.....	9,713.48	.04	5,291.85	.02	4,421.63	
RAILWAY OPERATING INCOME.....	\$ 5,219,070.50	24.66%	\$ 4,481,380.93	21.32%	\$737,689.57	
EQUIPMENT RENTS—Net debit.....	\$ 587,316.65		\$ 555,208.23		\$ 32,108.42	
JOINT FACILITY RENTS—Net debit.....	138,327.68		61,796.07		76,531.61	
NET RAILWAY OPERATING INCOME.....	\$ 4,493,426.17		\$ 3,864,376.63		\$629,049.54	
RATIO OF OPERATING EXPENSES AND TAXES TO OPERATING REVENUES.....		75.30%		78.66%		3.36%

OPERATING REVENUES.

The increase of \$141,142.95 in Operating Revenues resulted from the following causes:

INCREASES IN OPERATING REVENUES.

Freight Revenue:

Due to increase in the movement of oats to local points in Louisiana and Texas, for consumption in lieu of corn, occasioned by market conditions; also to the construction of elevator facilities at Shreveport, La.....	\$151,485.75	
Due to increase in the movement of cotton produced in the territory along and tributary to the line of your Company.....	182,888.39	
Due to increase in the movement of bituminous coal from the Missouri and Kansas fields.....	40,546.89	
Due to increase in the movement of ores and concentrates following completion of the Asbury-Lawton Branch to Baxter Springs, Kas., and the direct connection with the Kansas, Oklahoma & Gulf Ry. Co.....	75,195.89	
Due to increase in the movement of crude petroleum to refineries in the Port Arthur, Tex., district.....	48,003.28	
Due to increase in the movement of refined petroleum and its products to and from the Port Arthur, Tex., district.....	437,803.93	
Due to increase in the movement of Palm Kernel Oil in bulk for soap manufacturing purposes, now being imported through New Orleans, La.	42,366.72	
Due to increase in the movement of automobiles and trucks throughout the territory served by your Company and its connections.....	204,466.08	
Due to increase in the movement of chemicals, acids, etc., from the Port Arthur, Tex., district.....	63,585.04	
Miscellaneous net increases.....	188,070.47	
Decrease in the movement of corn to local points in Louisiana and Texas.....	100,996.49	
Decrease in the movement of wheat, flour and meal for export through Southern ports.....	411,463.24	
Decrease in the movement of clay, gravel, sand and stone for road construction purposes.....	70,099.12	
Decrease in the movement of ties, on account of curtailed purchases by other railroads from producers along the rails of your Company.....	295,601.52	
Decrease due to competition of motor trucks in the handling of merchandise.....	44,365.13	\$511,886.94

Passenger Revenue:

Decrease due to reduction in local traffic, caused by the construction of new highways and the use of motor vehicles.....	\$288,675.11	
Decrease due to reduction in interline passenger traffic.....	20,012.52	308,687.63

Express Revenue:

Decrease due to reduction in short haul express traffic handled, on account of parcel post and motor truck competition.....		45,280.01
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Mail Revenue:

Due to increase in the amount of space used by the United States Post Office Department....		15,381.09
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Switching Revenue:

Due to increase in the switching rates at Kansas City, Mo.-Kas., authorized by the Interstate Commerce Commission, effective May 24, 1925.....	\$ 56,111.63	
Due to increase in the number of cars switched at Kansas City, Mo.-Kas.....	57,558.92	113,670.55

Miscellaneous net increases.....		1,974.94
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Incidental and Joint Facility:

Decrease due to the inclusion in the 1924 accounts of your Company, as a joint owner, of a proportion of the gross revenues of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	\$114,926.40	
Miscellaneous net decreases.....	32,876.53	147,802.93

Net increase in Operating Revenues.....		<u>\$141,142.95</u>
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OPERATING EXPENSES.

The decrease of \$670,725.12 in Operating Expenses resulted from the following causes:

DECREASES IN OPERATING EXPENSES.

Maintenance of Way and Structures:

Due to reduction in the number of cross ties used in renewals.....	\$117,369.20	
Due to large expenditures during the year 1924 in connection with improvements to shop facilities.....	75,843.21	
Due to reduced reconstruction of telegraph lines, and expenses incident thereto.	23,455.23	
Miscellaneous net decreases.....	9,608.98	
Increase in expenditures for ditching and widening cuts.....	50,389.58	
Increase in expenditures for maintenance of bridges, trestles and culverts.....	46,231.25	\$129,655.79

Maintenance of Equipment:

Due to large expenditures during the year 1924 in connection with improvements to power plant machinery.....	\$ 25,076.69	
Due to reduction in expenditures for maintenance of locomotives, occasioned by improved shop and enginehouse facilities, the installation of modern equipment and labor-saving devices, and the increased efficiency of labor as a result of these improvements.....	90,230.64	
Due to reduction in expenditures for maintenance of freight-train cars, which are in an improved condition on account of the rehabilitation programme of previous years, the acquisition of 500 new freight-train cars during the year 1924, and the retirement of obsolete freight-train cars.....	243,540.99	
Due to reduction in the number of freight-train cars dismantled.....	46,336.33	
Due to reduction in repairs to work equipment.....	10,553.87	
Due to the inclusion in the 1924 accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	30,487.00	
Miscellaneous net decreases.....	21,180.07	
Increase in charges for depreciation, due to the acquisition in the year 1924 of locomotives and freight cars under Equipment Trust Agreement, Series "E"...	37,404.83	
Increase due to the retirement of obsolete locomotives by sale or dismantlement...	45,073.26	384,927.50

Traffic:

Increase in expense of supervision.....	\$ 9,209.11	
Increase in solicitation forces.....	39,674.46	
Increase in advertising.....	7,249.98	
Miscellaneous net increases.....	1,409.23	57,542.78

Transportation:

Due to reduction in the number of employes in station service.....	\$ 19,961.45	
Due to reduction in force and overtime in train and yard engine service.....	38,628.24	
Due to the inclusion in the 1924 accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	61,967.57	
Due to reduction in casualties.....	62,691.67	
Miscellaneous net decreases.....	9,625.38	
Increase due to higher price of fuel.....	\$114,695.71	
Increase due to adjustment in the value of fuel on hand.....	1,525.33	
Decrease due to the smaller quantity of fuel consumed.....	109,915.13	6,305.91
		186,568.40

Miscellaneous Operations:

Due to reduction in the expense of operating the grain elevator at Port Arthur, Tex.....	\$ 13,447.30	
Due to the inclusion in the 1924 accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	2,598.35	16,045.65

Carried Forward..... \$659,654.56

Brought Forward.....		\$659,654.56
General:		
Due to reduction in clerical forces.....	\$ 15,521.74	
Due to reduction in expenditures for stationery and printing.....	5,136.73	
Due to the inclusion in the 1924 accounts of your Company, as a joint owner, of a proportion of the expenses of the Kansas City Terminal Ry. Co. for the years 1917 to 1920, inclusive.....	4,149.06	
Increase in expenses of general officers.....	6,875.32	
Increase in valuation expenses, due to the reappraisal of lands owned or controlled by your Company.....	17,724.91	
Miscellaneous net increases.....	3,993.47	3,786.17
Transportation for Investment—Cr.:		
Increase due to the greater quantity of materials conveyed in revenue trains for construction purposes.....		14,856.73
Net decrease in Operating Expenses.....		<u>\$670,725.12</u>

The regulations of the Interstate Commerce Commission, in effect July 1, 1914, require that when men or materials employed in construction are conveyed in revenue trains, the estimated cost of their transportation shall be credited to operating expenses and charged to the appropriate investment account. No revenue charge was made by the Company against material used in operations.

TAXES.

Following is a statement of charges on account of taxes, compared with the preceding year:

	1925	1924	Increase
State, county, and municipal taxes.....	\$1,049,639.35	\$ 914,335.08	\$135,304.27
Federal income taxes.....	286,181.81	351,154.21	64,972.40
Federal capital stock tax.....	14,746.50	15,321.50	575.00
Totals.....	<u>\$1,350,567.66</u>	<u>\$1,280,810.79</u>	<u>\$ 69,756.87</u>

The increase in State, county and municipal taxes is due to higher assessed valuations in the States of Missouri and Kansas, and enhanced rates of assessment in the States of Arkansas, Oklahoma, Louisiana and Texas.

The decrease in Federal income taxes is due to the adjustment of reserves in the previous year.

REVENUE TONNAGE.

The revenue tonnage movement for the year, as compared with that of the year preceding, was as follows:

For the year ended December 31, 1925.			
Revenue Tons one mile—North.....	824,770,170		
Revenue Tons one mile—South.....	767,540,773	1,592,310,943	
For the year ended December 31, 1924.			
Revenue Tons one mile—North.....	845,545,261		
Revenue Tons one mile—South.....	696,700,176	1,542,245,437	
Increase in Revenue Tons one mile.....		<u>50,065,506</u>	

WAGE ADJUSTMENTS.

Adjustments in the wages of employes of your Company were made during the year as below stated:

Decision No. 3106, rendered by the United States Railroad Labor Board March 11, 1925, provided for an increase of \$10.00 a month for trick dispatchers, and changed the basis of pay from 313 days to 306 days per annum. It is estimated that this decision will increase the pay rolls to the extent of \$2,800.00 per annum.

On September 18, 1925, following negotiations with the Shop Crafts Associations, increases in wages were granted to specific classes of those employes. It is estimated that the increases granted will aggregate \$9,600.00 per annum.

On November 1, 1925, the monthly rates of pay of mechanical department foremen were decreased. These reductions will produce an estimated decrease in the pay rolls of \$7,500.00 per annum.

COST OF SUPPLIES.

The prices of supplies consumed in operation and of materials used in construction and maintenance, fluctuated between somewhat narrow limits. In some instances there were increases, while in others there were recessions. The price of fuel oil sustained an advance of 15.87 per cent., and that of coal declined 16.02 per cent. The appended exhibit shows the approximate average changes in the costs of principal materials in comparison with the preceding year:

DESCRIPTION OF MATERIAL.

MAINTENANCE OF WAY AND STRUCTURES:	Decrease
Angle Bars.....	....
Anti-Creepers—Rail.....	7.7%
Bolts—Treated Track.....	1.5
Cross Ties—White Oak.....	4.2
Frogs, Crossings and Switch Material.....	....
Hand Cars.....	....
Lumber—White Oak.....	6.6
Lumber—Yellow Pine.....	7.0*
Paint—Bridge and Metal.....	....
Paint—Depot and Building.....	....
Push Cars.....	20.0
Rail—Standard Open Hearth.....	....
Roofing—Texaco.....	7.6
Shingles—Cypress.....	....
Shovels—Track.....	....
Spikes—Track.....	3.0
Tie Plates.....	3.5
Tools—Roadway.....	2.3
Wire—Barbed.....	3.2
<hr/>	
MAINTENANCE OF EQUIPMENT:	
Air Brake Hose.....	15.3%*
Air Brake Material.....	....
Asbestos and Magnesia Material.....	22.2
Axles—Engine.....	2.9*
Babbitt.....	6.2*
Belting—Leather.....	....
Bolts—Machine.....	5.1*
Brake Beams—Metal, Freight.....	7.0

Brick—Fire.....	7.1
Brooms.....	8.6
Brushes.....	1.2
Car and Locomotive Replacers.....	4.3
Castings—Grey Iron.....	....
Castings—Malleable Iron.....	12.4
Castings—Steel.....	6.3*
Copper—Sheet.....	7.7*
Copper Ferrules.....	7.7*
Couplers.....	1.1
Flues.....	4.8*
Iron—Merchants Bar.....	7.5
Iron—Staybolt.....	10.8
Journal Boxes.....	2.6
Lumber—White Oak.....	3.3
Lumber—Yellow Pine.....	6.8*
Nails—Common Wire.....	5.8
Nuts—Hot Pressed.....	6.1*
Paint—Freight Car.....	5.2
Pipe—Merchants Black Steel.....	....
Rivets.....	4.9
Roofing—Galvanized Car.....	.6*
Springs—Elliptical.....	2.7
Springs—Helical.....	2.4
Steel—Fire Box Sheet.....	9.5
Steel—Tank Sheet.....	9.5
Tires—Locomotive Driving.....	1.7
Tools—Shop.....	6.4
Upholstering Material.....	3.0
Waste—Cotton, Colored, No. 1.....	6.7*
Wheels—Cast.....	1.0

(*) Increase.

CONDITION OF EQUIPMENT.

The programme for the rehabilitation of equipment was carried forward. During the year 1,128 cars were put into good condition, while 63 cars were dismantled and 2 sold, and their value was written out of the property account.

MILES OF RAILROAD.

The track mileage operated by your Company at the end of the year was as below stated:

	First Main Track	Second Main Track	Other Tracks	All Tracks
Main Line Owned or Controlled.....	777.01	15.18	456.68	1,248.87
Branch Lines Owned or Controlled.....	64.16	....	19.63	83.79
Total Mileage Owned or Controlled.....	841.17	15.18	476.31	1,332.66
Branch Lines Operated under Lease.....	5.94	....	....	5.94
Lines Operated under Trackage Rights.....	17.99	5.11	16.25	39.35
Total Mileage Operated.....	865.10	20.29	492.56	1,377.95

The total track mileage of the system was increased from 1,349.90 to 1,383.27, making a net change of 33.37 miles, which consists of the following items:

ADDITIONS:

Shawnee Creek, Kas., to Military Junction, Kas.....	3.42	
Military Junction, Kas., to Baxter Springs, Kas.....	5.94	
Yard, Terminal, Industrial and Side Tracks owned (net).....	19.87	
Lines operated under trackage rights.....	4.21	33.44 miles

DEDUCTIONS:

Account relocation of main line at Port Arthur, Tex.....	.05	
Account relocation of branch line, DeQuincy, La., to Lake Charles, La.....	.02	.07 "

Total Increase.....		<u>33.37 miles</u>
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The line between Military Junction and Baxter Springs, Kansas, was leased from the Kansas, Oklahoma & Gulf Railway Company under an agreement made during the past year, and which also provides for the joint use of the terminal facilities at Baxter Springs. Freight service to and from Baxter Springs over this line was commenced on August 3, 1925.

EQUIPMENT.

The Rolling Equipment owned or otherwise controlled on December 31, 1925, consisted of:

	Owned	Under Trust	Total
Locomotives.....	157	13	170
Passenger-train Cars.....	83	....	83
Freight-train Cars in Commercial Service.....	3,492	798	4,290
Freight-train Cars in Work Service.....	561	....	561
Cabooses.....	74	....	74
Work Equipment.....	46	....	46
Total Units.....	<u>4,413</u>	<u>811</u>	<u>5,224</u>

In addition to this railroad property, its rights of way, real estate, buildings, equipment and appurtenances, the Company controls, by virtue of its ownership of securities, all the property of the following corporations, viz.:

THE ARKANSAS WESTERN RAILWAY COMPANY.

A standard-gauge line from Heavener, Oklahoma, to Waldron, Arkansas, 32.33 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock and bonds.

THE POTEAU VALLEY RAILROAD COMPANY.

A standard-gauge line from Shady Point, Oklahoma, to Calhoun, Oklahoma, 6.67 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY.

Union depot property at Shreveport, Louisiana, including its real estate, buildings, and 1.58 mile of yard and terminal track; controlled by your Company through ownership of all the capital stock and \$24,000.00 face amount of bonds.

PORT ARTHUR CANAL AND DOCK COMPANY.

Lands, slips, docks, wharves, warehouses, one grain elevator (capacity 500,000 bushels), etc., all at Port Arthur, Texas; controlled by your Company through ownership of all the capital stock.

Under an agreement entered into as of February 1, 1923, all the property of the Port Arthur Canal and Dock Company is leased to the Texarkana and Fort Smith Railway Company, and operated by the Railway Company pursuant to the terms of the lease.

THE K. C. S. ELEVATOR COMPANY.

One grain elevator, of capacity 1,070,000 bushels, situated at Kansas City, Missouri; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS AND MISSOURI RAILWAY AND TERMINAL COMPANY.

A company operating a switching line in and through Kansas City, Kansas, which connects with the present terminal tracks of your Company and forms an intermediate connection between your line and a substantial interurban line serving an industrial territory from Kansas City, Kansas, to Lawrence, Kansas, a distance of about 35 miles. Its property, the construction of which was completed on June 30, 1924, consists of 5.60 miles of main track and 4.52 miles of yard and side tracks. Control is had by your Company through ownership of all the capital stock and bonds.

THE UNION LAND COMPANY.

A company owning 126.04 acres of land in and adjacent to Kansas City, Kansas, and North Kansas City, Missouri, suitable for industrial sites. All the capital stock is owned by The Kansas and Missouri Railway and Terminal Company, and control of the Land Company is had by your Company through its ownership of the Terminal Company.

ADDITIONS AND BETTERMENTS.

Net expenditures were made for Additions and Betterments to road and equipment in the amounts following:

For Road.....	\$1,309,807.08	
For Equipment.....	101,604.92	
For General Expenditures.....	9.42	<u>\$1,411,421.42</u>

A classified schedule of such expenditures is presented in the statistical section of this report.

The bridges, trestles and culverts of your road were improved by increasing the length of steel bridges from 23,503 feet to 23,886 feet; decreasing the length of trestles from 64,380 feet to 62,195 feet; increasing the number of stone and concrete culverts from 721 to 722, and by increasing the number of concrete pipe culverts from 202 to 227. A table showing the progressive improvements made in bridges and culverts from June 30, 1900, to December 31, 1925, appears in the statistical section.

The ballasting was reinforced in various locations at a cost of \$112,750.55. The condition of your main line with respect to ballast at the end of the year is shown by the succeeding tabulation:

Section of 6 inches or more under ties.....	772.11 miles
Section of less than 6 inches under ties.....	4.90 "
Total main line mileage owned.....	<u>777.01 miles</u>

New 100-pound rail was laid in your main line between Mile Posts 192 and 229 in substitution for 85-pound steel, 36.97 miles. The weights of rail in your main line at the end of the year, including adjustments and corrections of measurements, are as shown by the tabulation below:

Rail weighing 100 pounds per yard.....	36.97 miles
Rail weighing 85 pounds per yard.....	730.82 "
Rail weighing 80 pounds per yard.....	8.61 "
Rail weighing less than 80 pounds per yard.....	.61 "
Total main line mileage owned.....	<u>777.01 miles</u>

Work was continued upon the schedule for the reinforcement of track through the application of tie plates, with a view to stability, permanence and economy of maintenance. The expenditure for this purpose was \$87,682.64.

New station buildings, required by public authority or made necessary by the demands of traffic, have been erected at the following locations, and expenditures therefor made in the amounts stated:

	Prior to 1925	1925	Total
Baron, Okla.....	.....	\$ 1,126.97	\$ 1,126.97
Lake Charles, La.....	\$18,944.38	11,127.50	30,071.88
Totals.....	\$18,944.38	\$12,254.47	\$31,198.85

Other principal items of additions to and betterments of your property, together with the amounts expended therefor, are as follows:

	Prior to 1925	1925	Total
Shop improvements at East Kansas City, Mo.			
New machinery and tools.....	.....	\$ 9,589.35	\$ 9,589.35
Shop improvements at Pittsburg, Kas.			
Land for enlarged facilities.....	\$ 64,105.34	25.38	64,130.72
Extension to machine shop.....	154,118.31	11,884.78	166,003.09
Extension to blacksmith shop.....	61,432.29	2,704.57	64,136.86
Extension to enginehouse.....	118,480.84	48,978.80	167,459.64
New machinery and tools.....	177,122.93	74,456.20	251,579.13
Additional tracks in shop yards.....	27,885.71	18,472.00	46,357.71
Sewers.....	27,258.82	338.50	27,597.32
New building for offices, and lockers and wash rooms for engine-men.....	15,765.93	1,625.90	17,391.83
Twin span deck 105 ft. turntable, electric tractor and dead engine hauler.....	35,940.81	2,827.48	38,768.29
Grading property south of present shops.....	9,610.54	42,841.69	52,452.23
Locomotive inspection pit and cinder pit.....	267.32	21,876.78	22,144.10
Concrete runways for portable cranes.....	.....	2,916.71	2,916.71
Shop improvements at Heavener, Okla.			
New shop and power plant machinery.....	.....	2,876.12	2,876.12
Shop improvements at DeQueen, Ark.			
Tubular boiler in power house annex to roundhouse.....	4,471.32	2,509.39	6,980.71
New machinery and tools.....	.....	188.51	188.51
Shop improvements at Shreveport, La.			
New machinery and tools.....	25,641.56	43,920.30	69,561.86
Twin span deck 105 ft. turntable, electric tractor and dead engine hauler.....	32,432.63	2,325.03	34,757.66
Carried Forward.....	\$ 754,534.35	\$ 290,357.49	\$1,044,891.84

Brought Forward.....	\$ 754,534.35	\$ 290,357.49	\$1,044,891.84
Shop improvements at Shreveport, La.— <i>Continued.</i>			
Bailey meters for measuring steam, air and gas.....	4,489.14	1,675.91	6,165.05
Extension to storehouse.....	.....	24,223.70	24,223.70
Locomotive inspection pit.....	.....	5,509.52	5,509.52
Locomotive washing platform.....	.....	2,340.81	2,340.81
Enlargement of boiler washing plant.....	.....	5,763.19	5,763.19
Shop improvements at Leesville, La.			
Extension to enginehouse.....	.....	13,889.90	13,889.90
Twin span deck 105 ft. turntable and tractor.....	.....	7,498.75	7,498.75
New machinery and tools.....	.....	826.31	826.31
Shop improvements at Port Arthur, Tex.			
New air and water facilities at roundhouse and transportation yard.....	.....	12,499.26	12,499.26
New machinery and tools.....	.....	977.68	977.68
New or improved fuel oil stations.			
Pittsburg, Kas.....	40,817.33	3,472.85	44,290.18
Watts, Okla.....	28,541.46	14.44	28,555.90
Extension of Asbury-Lawton Branch 8.8 miles, including 2 passing tracks, to connect with the K., O. & G. Ry. at Military Junction, Kas., and reach lead and zinc districts.....	321,476.94	54,136.98	375,613.92
Extension of 54 passing tracks and construction of 4 new ones.....	303,827.03	1,742.72	305,569.75
Construction of Henning and Gilbert track along the Sabine-Neches Canal near Port Neches and Port Arthur, Tex.....	214,947.22	1,633.78	216,581.00
Relocation of main line near Braden, Okla., on the Fort Smith Branch.....	39,787.92	4,301.47	44,089.39
Automatic train control system between south passing track switch at Oskaloosa, Mo., and north yard switch at Pittsburg, Kas., and necessary apparatus on 5 locomotives.....	36,221.61	19,182.74	55,404.35
Construction of 8,412-foot main spur to Douglas Island industrial district at Shreveport, La., two 1,500-foot interchange tracks, 3,108-foot industry spur, and grading culverts and right of way for 2,713-foot spur.....	36,796.81	75,979.83	112,776.64
Construction of 37,933 feet of new yard track and increasing weight of rail in various tracks at Port Arthur, Tex.....	109,989.81	30,728.21	140,718.02
Construction of a new transportation yard at Shreveport, La., including 66,590 feet of additional yard track, 3,910 feet of track to roundhouse, raising 1.55 mile of main track, 125-ton scale and house, 20,000-gallon wooden tank and water column, and air line and electric lighting system connecting with mechanical yard.	47,363.05	395,549.20	442,912.25
Reconstruction of Bridge A-556 with three 74½-foot single track deck plate girder spans on double track concrete piers and abutments .....	.....	17,836.25	17,836.25
Filling 3,872 feet of Bridge B-765, installing a 48-inch reinforced concrete pipe culvert 56 feet in length, and constructing two 5-panel creosoted ballasted deck pile trestle openings.....	.....	36,555.80	36,555.80
Construction of a 2,850-foot industrial track on right of way acquired from the Edgewater Connecting Railway, in the Fairfax drainage district, Kansas City, Kas.....	.....	7,116.69	7,116.69
Relaying 85-pound rail with new 100-pound rail in main line track and 27 turnouts, mile 192.2 to mile 229.2.....	.....	83,865.56	83,865.56
Purchase of scale test car.....	.....	9,244.36	9,244.36
Purchase of dynamometer and track inspection car.....	979.66	72,891.28	73,870.94
Totals.....	\$1,939,772.33	\$1,179,814.68	\$3,119,587.01

The expenditures for additions and betterments include the cost of a number of new sidings to serve industries not heretofore reached by your tracks and to accommodate new industries in process of establishment.

The following is a list of such industry tracks, some of which have been completed, and others are in the course of construction:

NEW TRACKS TO SERVE NEW INDUSTRIES.

COMPLETED:

Cook & Little Coal & Cement Co.....	Kansas City, Kas.
E. W. Hamson Lumber Co.....	Kansas City, Kas.
Air Reduction Sales Co.....	Kansas City, Kas.
W. S. Harriman.....	Kansas City, Mo.
E. A. Whitney & Sons.....	Kansas City, Mo.
Radio Coal Co.....	Mulberry, Mo.
Johnson Canning Co.....	Gentry, Ark.
Stilwell Canning Co.....	Stilwell, Okla.
McClinton Manufacturing Co.....	Fort Smith, Ark.
LeFlore Coal Co.....	Mile 324.
Pine Mountain Coal Co.....	Heavener, Okla.
Dierks Lumber & Coal Co.....	Page, Okla.
Standard Oil Co.....	Mena, Ark.
W. P. Ramsey.....	Superior, Ark.
North Shreveport Realty Co.....	North Shreveport, La.
T. H. Thurmond.....	Shreveport, La.
Shreveport Grain and Elevator Co.....	Cedar Grove, La.
DeSoto Parish.....	Kingston, La.
DeSoto Parish.....	Holly, La.
Louisiana Highway Commission.....	Catuna, La.
S. H. Bolinger & Co.....	Many, La.
Louisiana Highway Commission.....	Cooper, La.
Louisiana Highway Commission.....	Pinewood, La.
Louisiana Oil Refining Corporation.....	DeRidder, La.
Clooney Construction Co.....	Lockport, La.
Southern Land and Lumber Co.....	Doty, Tex.
Martin Brothers.....	Vidor, Tex.
Southern Land and Lumber Co.....	Vidor, Tex.
Gulf States Utilities Co.....	Beaumont, Tex.

UNCOMPLETED:

Bittman Todd Grocery Co.....	Kansas City, Kas.
Grandview Club Transfer & Storage Co.....	Kansas City, Kas.
J. F. Butler.....	Kansas City Mo.
Elm Branch Coal Co.....	Mulberry, Mo.
Furniture District.....	Fort Smith, Ark.
Meyer Greenwald Construction Co.....	Whatley, Tex.
W. W. Gary Lumber Co.....	Cedar Grove, La.
Kelly-Weber Co.....	West Lake, La.

NEW TRACKS TO SERVE EXISTING INDUSTRIES.

COMPLETED:

Simplex Manufacturing Co.....	Kansas City, Mo.
Republic Coal Co.....	Fuller, Kas.
Diven Canning Co.....	Siloam Springs, Ark.
Heavener Smokeless Coal Co.....	Heavener, Okla.
Louisiana Oil Refining Corporation.....	Gas Center, La.
Fowler Commission Co.....	Shreveport, La.
Pickering Lumber Co.....	Pickering, La.
DeQuincy Wholesale Grocery Co.....	DeQuincy, La.
Humphreys Pure Oil Co.....	Smith's Bluff, Tex.
Gulf Refining Co.....	Port Arthur, Tex.

In addition to the foregoing, these new industries have located on existing tracks of the Company:

Advance Oil Co.....	Kansas City, Kas.
Adkins Walnut Co.....	Kansas City, Kas.
Black & Froman Produce Co.....	Kansas City, Mo.
Wyant Carlson Wholesale Grocery Co.....	Kansas City, Mo.
E. M. Wilhoit Oil Co.....	Noel, Mo.
Chamberlain Canning Co.....	Watts, Okla.
A. V. Hardy.....	Shady Point, Okla.
Chas. Goodwin.....	Shady Point, Okla.
Duncan Lumber Co.....	mile 358.
Standard Oil Co.....	Cove, Ark.
Dierks Lumber & Coal Co.....	Grannis, Ark.
E. A. Hiatt & Sons.....	Gillham, Ark.
Fred Regnier.....	Wilton, Ark.
City of Texarkana (Supply Yard).....	Texarkana, Tex.
Atlanta Wholesale Grocer Co.....	Texarkana, Tex.
W. B. Anthony.....	Bloomburg, Tex.
Atlanta Wholesale Grocer Co.....	Vivian, La.
Hollis & Co.....	Shreveport, La.
Goodrich Tire and Rubber Co.....	Shreveport, La.
Goodyear Tire and Rubber Co.....	Shreveport, La.
Caddo Transfer & Storage Co.....	Shreveport, La.
Red River Lumber Co.....	Cedar Grove, La.
Caddo Tank Car Repair Co.....	Cedar Grove, La.
Louisiana Oil Refining Corporation.....	Mansfield, La.
Star Lumber Co.....	Mansfield, La.
J. M. Pate.....	Many, La.
J. L. Corley.....	Many, La.
Long-Bell Lumber Co.....	Seale, La.
J. C. Kelly.....	Nederland, Tex.
E. Brinkman Supply Co.....	Port Arthur, Tex.

The following new industries, included in the above list, are worthy of special mention:

SHREVEPORT GRAIN AND ELEVATOR COMPANY, CEDAR GROVE, LOUISIANA.

Negotiations by the management of your Company resulted in the organization of the Shreveport Grain and Elevator Company, and the construction by it during the year of a grain elevator with a capacity of 200,000 bushels, together with necessary track and scale facilities, on the line of your Company. This is considered one of the most important industries located on your line within recent years.

GULF STATES UTILITIES COMPANY, BEAUMONT, TEXAS.

The Utilities Company selected a site on the Neches River, near Beaumont, Texas, for the erection of a power station to cost between \$3,000,000.00 and \$4,000,000.00. The station is equipped for the use of oil, gas or coal as fuel. It is planned to meet the requirements for electricity of industries in the Beaumont-Port Arthur district, and also to extend service to the oil fields and other industrial developments in adjacent territory. This plant is served by your Company with an industry track approximately 8,000 feet in length.

Improvements to existing equipment, made at a cost of \$157,676.98, consisted mainly in the following:

Locomotives—Application of Bethlehem Auxiliary locomotives (M&L tender boosters), Walschaert valve gears, flange lubricators, cross compound air pumps, arch tubes and brick arches, water columns, steel tender frames and trucks, and improved driving box brasses.

Freight-train Cars—Application of metal draft arms, spring type draft gears, metal carlins, Mogul end reinforcements, heavier side stakes and sill straps, flexible roofs, improved triple valves and trucks of 80,000 pounds capacity.

Passenger-train Cars—Application of steel underframes, steel trucks and reinforced steel ends.

Work Cars—Application of metal draft arms, improved draft gears to ballast cars, improved triple valves and improved tools for steam derricks.

REFUNDING AND IMPROVEMENT MORTGAGE BONDS.

There was sold during the year the remaining \$3,000,000.00 face amount of Refunding and Improvement Mortgage Bonds authorized by the Stockholders June 29, 1909. The proceeds therefrom were applied as below stated:

Discount.....	\$ 420,000.00	
Reimbursement of surplus for additions and betterments defrayed from current funds in prior years.....	2,580,000.00	<u>\$3,000,000.00</u>

The status with respect to these bonds at the end of the year was as follows:

Issued and sold.		
July 1, 1909.....		\$10,000,000.00
February 15, 1911.....		5,000,000.00
November 1, 1912.....		500,000.00
December 2, 1912.....		500,000.00
April 2, 1913.....		500,000.00
May 5, 1914.....		250,000.00
October 7, 1914.....		44,000.00
April 1, 1915.....		206,000.00
December 15, 1915.....		1,000,000.00
January 17, 1925.....		<u>3,000,000.00</u>
Total authorized and outstanding.....		<u>\$21,000,000.00</u>

EQUIPMENT TRUSTS.

The aggregate face amount of Equipment Trust Notes and Certificates outstanding December 31, 1925, was as below set forth:

Trust No. 34, dated January 15, 1920.		
Balance last reported.....	\$ 699,600.00	
Paid during the year.....	63,600.00	<u>\$ 636,000.00</u>
Series "E", dated September 1, 1923.		
Balance last reported.....	\$1,512,000.00	
Paid during the year.....	108,000.00	<u>1,404,000.00</u>
Total.....		<u>\$2,040,000.00</u>

DEPRECIATION RESERVE FUND.

Moneys equaling the amount of charges to operating expenses representing the so-called depreciation of equipment, and for the amortization of equipment retired and of property abandoned in connection with improvements, together with proceeds from the sale of obsolete equipment, are deposited in a special fund set aside for additions to and betterments of your property. The total amount so deposited, and withdrawals therefrom, are shown by the statement following:

DEPOSITS.

Charges for Depreciation of Equipment:			
From June 1, 1916, to December 31, 1917.....	\$	215,923.27	
From January 1, 1918, to February 29, 1920.....		363,196.93	
From March 1, 1920, to December 31, 1924.....		1,185,101.74	
From January 1, 1925, to December 31, 1925.....		356,831.33	\$2,121,053.27
Charges for Amortization of Retired Equipment:			
From January 1, 1918, to February 29, 1920.....	\$	371,965.45	
From March 1, 1920, to December 31, 1924.....		361,010.37	
From January 1, 1925, to December 31, 1925.....		115,591.38	848,567.20
Charges for Amortization of Abandoned Property:			
From January 1, 1918, to February 29, 1920.....	\$	195,464.27	
From March 1, 1920, to December 31, 1924.....		434,968.10	
From January 1, 1925, to December 31, 1925.....		89,993.40	720,425.77
Proceeds from Sale of Obsolete Equipment:			
From June 1, 1916, to December 31, 1917.....	\$	165,926.00	
From January 1, 1918, to February 29, 1920.....		120,585.29	
From March 1, 1920, to December 31, 1924.....		12,745.88	
From January 1, 1925, to December 31, 1925.....		22,101.00	321,358.17
Interest on Bank Balances and Loans from Fund:			
From June 1, 1916, to December 31, 1924.....	\$	59,747.66	
From January 1, 1925, to December 31, 1925.....		11,291.95	71,039.61
Replacement Fund released by Trustee under Equipment Trust, Series "D":			
From January 1, 1925, to December 31, 1925.....			22,592.59
Total.....			\$4,105,036.61

WITHDRAWALS.

Payments for New Equipment:			
From June 1, 1916, to December 31, 1925.....	\$	656,530.60	
Improvements to Existing Equipment:			
From June 1, 1916, to December 31, 1924.....	\$1,141,355.26		
From January 1, 1925, to December 31, 1925.....	284,176.55	1,425,531.81	
Shop Improvements:			
From January 1, 1922, to December 31, 1924.....	\$	908,983.11	
From January 1, 1925, to December 31, 1925.....		329,679.10	1,238,662.21
Amount temporarily transferred to General Cash Fund.....		350,000.00	3,670,724.62
Balance December 31, 1925.....			\$ 434,311.99

GROUP INSURANCE.

The agreement entered into with the Metropolitan Life Insurance Company, referred to in the preceding annual report, providing for a plan of group insurance affording comprehensive protection to employees of your Company against loss by death, accident, illness and total disability, was continued during the year.

On July 1, 1925, the Metropolitan Life Insurance Company increased the monthly premium charge on the life feature five cents per \$1,000.00 of insurance. Your Company assumed the increase on insurance under the original plan, and the employees assumed the increase on insurance under the additional plan.

At the close of the year 87.6 per cent. of eligible employees were subscribers to the original plan of group insurance, and of these 72.9 per cent. had subscribed to additional life insurance.

During the year payments to employees and their beneficiaries amounted to \$146,036.56, classified as follows:

41 Death claims.....	\$89,931.99	
6 Accidental death and dismemberment claims.....	8,000.00	
64 Health claims.....	29,434.51	
666 Accident claims.....	1,594.32	
41 Total and permanent disability claims.....	17,075.74	\$146,036.56

GUARANTY PERIOD.

Further conferences with the Interstate Commerce Commission were held by representatives of your Companies with reference to their claim, commonly known as the Guaranty-period claim, to reimbursement for the amount by which net earnings, during the six months' period immediately following the end of Federal control, that is, from March 1 to August 31, 1920, fell below the amount which had been fixed by the Director General as the reasonable compensation of your Companies. The Commission, on June 17, 1925, fixed the amount necessary to make good the guaranty at \$962,453.02. As the Government had already advanced to your Companies, on account of such guaranty, the sum of \$600,000.00, there remained due the sum of \$362,453.02, which was accepted in final settlement.

FEDERAL VALUATION.

It was stated, in the last annual report, that a mandamus suit for the purpose of requiring the Interstate Commerce Commission to make findings, and to determine value, in the manner in which the management contends that the same must be found in order to comply with the provisions of the Valuation Act and the Constitution of the United States, was pending in the Court of Appeals of the District of Columbia. The Court of Appeals declined to pass upon the merits of the case, holding that mandamus was not an available remedy. In the meantime, the law permitting an appeal to the Supreme Court had been repealed. Application was made to that court to issue its discretionary writ of certiorari, but this was refused.

Your Companies are now preparing to bring suit in the District Court of the United States at Kansas City, under an Act of Congress, to set aside and annul the Commission's valuation order. This is the same character of action recently brought by the Los Angeles & Salt Lake Railroad Company in the United States District Court at Los Angeles. That court has held that the Commission was required by the Valuation Act to find the actual value of the property of a railroad company, as distinguished from a so-called value for rate-making purposes, which the Commission has been purporting to find. The decision of the court in the Los Angeles & Salt Lake case is very important, since it upholds the main contention made by your Companies in this matter of valuation. Briefly stated, the contention of your management is that the value which is to be found, under the Valuation Act, is the actual, economic, or exchange value, ordinarily defined as "the sum that would, in all probability, result from fair negotiations between an owner who is willing to sell and a purchaser who desires to

buy''; and that there is only one value, whether for the purpose of rate-making, consolidation, recapture of excess earnings, or for any other purpose.

COST OF FEDERAL VALUATION.

	Prior to 1925	1925	Total
Field work.....	\$ 68,824.72	.....	\$ 68,824.72
Valuation orders, Interstate Commerce Commission.....	74,616.48	\$ 9,865.94	84,482.42
Contributions to Presidents' Conference Committee.....	4,449.88	940.06	5,389.94
Appraisal of real estate.....	40,316.73	32,505.47	72,822.20
General and miscellaneous.....	257,997.66	12,664.78	270,662.44
Totals.....	\$446,205.47	\$55,976.25	\$502,181.72

The appended balance sheets and statistical statements give full detailed information concerning expenditures for improvements, and the results of operation.

A report, including balance sheet, income account and other pertinent matter, in form prescribed by the Interstate Commerce Commission, has been filed with that body at Washington.

By order of the Board of Directors.

J. A. EDSON,
President.

ACCOUNTS AND STATISTICS

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THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1925

Table No. 1

ASSETS	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$110,225,430.62	\$108,814,009.20	\$ 1,411,421.42	
Deposits in lieu of Mortgaged Property sold.....	4,246.67	1,026,731.39	.....	\$1,022,484.72
Miscellaneous Physical Property.....	973,646.56	849,463.74	124,182.82	
Investments in Affiliated Companies:				
Stocks.....	2,030,207.90	2,016,207.90	14,000.00	
Bonds.....	804,915.13	804,915.13		
Notes.....	173,824.75	29.00	173,795.75	
Advances.....	1,352,612.33	1,607,787.96	.....	255,175.63
Other Investments:				
Stocks.....	97.00	1,000,097.00	.....	1,000,000.00
Notes.....	230.27	230.27		
Miscellaneous.....	10,001.00	10,001.00		
Total Investments.....	\$115,575,212.23	\$116,129,472.59	.....	\$ 554,260.36
SECURITIES IN COURSE OF ACQUISITION.....	\$ 25,092,862.93	.....	\$25,092,862.93	
CURRENT ASSETS.				
Cash.....	\$ 1,685,537.27	\$ 1,775,150.06	.....	\$ 89,612.79
Special Deposits:				
Against Purchase of Securities.....	.....	853,769.12	.....	853,769.12
Other Special Deposits.....	1,113,556.36	1,426,046.14	.....	312,489.78
Loans and Bills receivable.....	2,253.40	191,128.79	.....	188,875.39
Traffic and Car-service Balances receivable.....	718,419.20	490,734.93	\$ 227,684.27	
Net Balance receivable from Agents and Conductors.....	250,274.25	102,851.90	147,422.35	
Miscellaneous Accounts receivable.....	767,726.87	749,082.29	18,644.58	
Material and Supplies.....	1,873,738.04	2,061,805.89	.....	188,067.85
Interest and Dividends receivable.....	5,176.34	837.79	4,338.55	
Other Current Assets.....	13,489.78	8,757.33	4,732.45	
Total Current Assets.....	\$ 6,430,171.51	\$ 7,660,164.24	.....	\$1,229,992.73
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 15,670.73	\$ 13,570.89	\$ 2,099.84	
Other Deferred Assets.....	35,310.91	35,438.65	.....	\$ 127.74
Total Deferred Assets.....	\$ 50,981.64	\$ 49,009.54	\$ 1,972.10	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 71,904.84	\$ 62,071.14	\$ 9,833.70	
Discount on Funded Debt.....	.....	2,550.00	.....	\$ 2,550.00
Property Abandoned chargeable to Operating Expenses.....	.....	89,993.40	.....	89,993.40
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	277,098.77	613,105.42	.....	336,006.65
Other accounts.....	641,212.51	848,531.64	.....	207,319.13
Total Unadjusted Debits.....	\$ 990,216.12	\$ 1,616,251.60	.....	\$ 626,035.48
Grand Totals.....	\$148,139,444.43	\$125,454,897.97	\$22,684,546.46	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1925

Table No. 1

LIABILITIES	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 7,483.50	\$ 7,483.50		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	21,000,000.00	18,000,000.00	\$ 3,000,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes..	636,000.00	699,600.00		\$ 63,600.00
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates.....	1,404,000.00	1,512,000.00		108,000.00
Miscellaneous Funded Debt.....	15,236.00	18,283.20		3,047.20
Total Long-term Debt.....	\$ 53,055,236.00	\$ 50,229,883.20	\$ 2,825,352.80	
LIABILITIES AND COMMITMENTS IN CONNECTION WITH SECURITIES IN COURSE OF ACQUISITION.....	\$ 19,337,510.39		\$19,337,510.39	
CURRENT LIABILITIES.				
Loans and Bills payable.....		\$ 1,014,119.35		\$1,014,119.35
Traffic and Car-service Balances payable.....	\$ 736,525.52	638,208.88	\$ 98,316.64	
Audited Accounts and Wages payable.....	1,957,053.79	2,082,081.08		125,027.29
Miscellaneous Accounts payable.....	60,068.16	60,952.33		884.17
Interest Matured unpaid.....	559,708.50	485,945.00	73,763.50	
Dividends Matured unpaid.....	10,810.00	13,393.00		2,583.00
Unmatured Dividends declared.....	210,000.00	210,000.00		
Unmatured Interest accrued.....	268,230.00	271,959.00		3,729.00
Unmatured Rents accrued.....	83,954.13	60,490.17	23,463.96	
Other Current Liabilities.....	122,020.01	110,076.99	11,943.02	
Total Current Liabilities.....	\$ 4,008,370.11	\$ 4,947,225.80		\$ 938,855.69
DEFERRED LIABILITIES.				
Other Deferred Liabilities.....	\$ 504,778.42	\$ 333,267.98	\$ 171,510.44	
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,407,612.14	\$ 1,324,034.93	\$ 83,577.21	
Accrued Depreciation—Equipment.....	1,956,561.55	1,636,016.19	320,545.36	
Other Unadjusted Credits.....	647,643.77	589,217.07	58,426.70	
Total Unadjusted Credits.....	\$ 4,011,817.46	\$ 3,549,268.19	\$ 462,549.27	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 418,415.86	\$ 400,608.60	\$ 17,807.26	
Appropriated Surplus not specifically invested.....	771,244.52	721,276.54	49,967.98	
Profit and Loss credit balance.....	15,064,688.17	14,305,984.16	758,704.01	
Total Corporate Surplus.....	\$ 16,254,348.55	\$ 15,427,869.30	\$ 826,479.25	
Grand Totals.....	\$148,139,444.43	\$125,454,897.97	\$22,684,546.46	

The Company is guarantor by endorsement of First Mortgage 6 Per Cent. Gold Bonds of the Port Arthur Canal and Dock Company, a subsidiary corporation, in the face amount of \$2,500,000.00.

This Balance Sheet includes \$277,098.77 accrued as due from the Government under Section 209 of the Transportation Act in excess of amount paid by the Government. Application for authority to charge this amount to Profit and Loss is pending before the Interstate Commerce Commission.

Expression has not been given in the above Balance Sheet to the authorization of \$15,000,000.00 face amount of First Mortgage 5½ Per Cent. Guaranteed Gold Bonds of the Texarkana and Fort Smith Railway Company, dated August 1, 1925, of which \$10,000,000.00 bonds were issued and sold in March, 1926.

The above Balance Sheet as at December 31, 1925, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, April 5, 1926.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Financial Changes for the Year Ended December 31, 1925

Table No. 2

ORIGIN OF RESOURCES		
DECREASE OF ASSETS.		
INVESTMENTS:		
Deposits in lieu of Mortgaged Property sold	\$1,022,484.72	
Investments in Affiliated Companies.		
Advances	255,175.63	
Other Investments.		
Stocks	1,000,000.00	\$ 2,277,660.35
CURRENT ASSETS:		
Cash	\$ 89,612.79	
Special Deposits.		
Against Purchase of Securities	\$853,769.12	
Other Special Deposits	312,489.78	1,166,258.90
Loans and Bills receivable	188,875.39	
Material and Supplies	188,067.85	1,632,814.93
DEFERRED ASSETS:		
Other Deferred Assets		127.74
UNADJUSTED DEBITS:		
Discount on Funded Debt	\$ 2,550.00	
Property Abandoned chargeable to Operating Expenses	89,993.40	
Other Unadjusted Debits.		
U. S. Government—Income Guaranty	\$336,006.65	
Other accounts	207,319.13	543,325.78
Total Decrease of Assets		\$ 4,546,472.20
INCREASE OF LIABILITIES.		
LONG-TERM DEBT:		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds		\$ 3,000,000.00
LIABILITIES AND COMMITMENTS IN CONNECTION WITH SECURITIES IN COURSE OF ACQUISITION		19,337,510.39
CURRENT LIABILITIES:		
Traffic and Car-service Balances payable	\$ 98,316.64	
Interest Matured unpaid	73,763.50	
Unmatured Rents accrued	23,463.96	
Other Current Liabilities	11,943.02	207,487.12
DEFERRED LIABILITIES:		
Other Deferred Liabilities		171,510.44
UNADJUSTED CREDITS:		
Tax Liability	\$ 83,577.21	
Accrued Depreciation—Equipment	320,545.36	
Other Unadjusted Credits	58,426.70	462,549.27
Total Increase of Liabilities		\$23,179,057.22
INCREASE OF CORPORATE SURPLUS.		
Additions to Property through Income and Surplus	\$ 17,807.26	
Appropriated Surplus not specifically invested	49,967.98	
Profit and Loss credit balance	758,704.01	\$ 826,479.25
Grand Total		\$28,552,008.67

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Financial Changes for the Year Ended December 31, 1925

Table No. 2

APPLICATION OF RESOURCES		
INCREASE OF ASSETS.		
INVESTMENTS:		
Investment in Road and Equipment	\$1,411,421.42	
Miscellaneous Physical Property	124,182.82	
Investments in Affiliated Companies.		
Stocks	\$ 14,000.00	
Notes	173,795.75	187,795.75
		\$ 1,723,399.99
SECURITIES IN COURSE OF ACQUISITION		25,092,862.93
CURRENT ASSETS:		
Traffic and Car-service Balances receivable	\$ 227,684.27	
Net Balance receivable from Agents and Conductors	147,422.35	
Miscellaneous Accounts receivable	18,644.58	
Interest and Dividends receivable	4,338.55	
Other Current Assets	4,732.45	402,822.20
DEFERRED ASSETS:		
Working Fund Advances		2,099.84
UNADJUSTED DEBITS:		
Rents and Insurance Premiums paid in advance		9,833.70
Total Increase of Assets		\$27,231,018.66
DECREASE OF LIABILITIES.		
LONG-TERM DEBT:		
Equipment Trust No. 34, 6 Per Cent. Gold Notes	\$ 63,600.00	
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates	108,000.00	
Miscellaneous Funded Debt	3,047.20	\$ 174,647.20
CURRENT LIABILITIES:		
Loans and Bills payable	\$1,014,119.35	
Audited Accounts and Wages payable	125,027.29	
Miscellaneous Accounts payable	884.17	
Dividends Matured unpaid	2,583.00	
Unmatured Interest accrued	3,729.00	1,146,342.81
Total Decrease of Liabilities		\$ 1,320,990.01
Grand Total		\$28,552,008.67

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY**

Comparative Income Account for the Year Ended December 31, 1925

Table No. 3

	1925	1924
OPERATING INCOME.		
Railway Operating Revenues.....	\$21,165,155.15	\$21,024,012.20
Railway Operating Expenses.....	14,585,803.51	15,256,528.63
Net Revenue from Railway Operations.....	\$ 6,579,351.64	\$ 5,767,483.57
Railway Tax Accruals:		
War Taxes.....	\$ 240,221.44	\$ 294,969.53
Other Taxes.....	1,110,346.22	985,841.26
Uncollectible Railway Revenues.....	9,713.48	5,291.85
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,360,281.14	\$ 1,286,102.64
Railway Operating Income.....	\$ 5,219,070.50	\$ 4,481,380.93
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 53,283.30	\$ 60,372.47
Rent from Passenger-train Cars.....	30,182.59	30,022.44
Rent from Work Equipment.....	5,792.76	9,518.05
Joint Facility Rent Income.....	172,996.09	165,754.41
Income from Lease of Road.....	934.96	880.21
Miscellaneous Rent Income.....	9,784.63	9,382.96
Miscellaneous Nonoperating Physical Property.....	22,687.81	28,190.58
Dividend Income.....	168,750.00	
Income from Funded Securities.....	11,388.24	960.00
Income from Unfunded Securities and Accounts.....	77,535.01	157,335.33
Miscellaneous Income.....	347.24	293.51
Total Nonoperating Income.....	\$ 553,682.63	\$ 462,709.96
Gross Income.....	\$ 5,772,753.13	\$ 4,944,090.89
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 568,712.05	\$ 547,180.14
Rent for Locomotives.....	31,876.32	32,089.12
Rent for Passenger-train Cars.....	74,388.69	72,578.43
Rent for Work Equipment.....	1,598.24	3,273.50
Joint Facility Rents.....	311,323.77	227,550.48
Rent for Leased Roads.....	161,578.16	125,414.07
Miscellaneous Rents.....	611.34	654.18
Miscellaneous Tax Accruals.....	2,832.48	105.95
Interest on Funded Debt.....	2,062,832.33	1,899,587.31
Interest on Unfunded Debt.....	421,367.59	31,130.51
Miscellaneous Income Charges.....	22,333.50	22,723.70
Total Deductions from Gross Income.....	\$ 3,659,454.47	\$ 2,962,287.39
Net Income.....	\$ 2,113,298.66	\$ 1,981,803.50
DISPOSITION OF NET INCOME.		
Dividend Appropriations of Income:		
Quarterly Dividends on Preferred Stock:		
No. 72, declared March 18, 1925, payable April 15, 1925.....	\$ 210,000.00	
No. 73, declared June 17, 1925, payable July 15, 1925.....	210,000.00	
No. 74, declared September 16, 1925, payable October 15, 1925.....	210,000.00	
No. 75, declared December 16, 1925, payable January 15, 1926.....	210,000.00	
Total Appropriations of Income.....	\$ 840,000.00	\$ 840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	\$ 1,273,298.66	\$ 1,141,803.50

The above statement does not include adjustment of \$277,098.77 accrued as due from the Government under Section 209 of the Transportation Act in excess of amount paid by the Government. Application for authority to charge this amount to Profit and Loss is pending before the Interstate Commerce Commission.

Profit and Loss Account for the Year Ended December 31, 1925

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$14,305,984.16
Credit Balance transferred from Income.....		1,273,298.66
Profit on Road and Equipment sold.....		17.63
Unrefundable Overcharges.....		1,546.65
Donations.....		17,807.26
Miscellaneous Credits.....		19,161.17
Surplus Appropriated for Investment in Physical Property.....	\$ 17,807.26	
Debt Discount Extinguished through Surplus.....	426,354.42	
Miscellaneous Appropriations of Surplus.....	49,967.98	
Loss on Retired Road and Equipment.....	12,673.30	
Miscellaneous Debits.....	46,324.40	
Credit Balance carried to Balance Sheet.....	15,064,688.17	
Totals.....	\$15,617,815.53	\$15,617,815.53

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Mileage Owned and Operated December 31, 1925

Table No. 4

DESCRIPTION	FIRST MAIN TRACK	SECOND MAIN TRACK	YARD, TERMINAL, INDUSTRIAL AND SIDE TRACKS	ALL TRACKS						
MAIN LINE OWNED OR CONTROLLED:										
Kansas City, Mo., to Belt Junction, Mo.....	12.01		77.66	89.67						
Grandview, Mo., to Port Arthur, Tex.....	765.00		379.02	1,144.02						
Between Second and Wyandotte Streets, Kansas City, Mo., and Air Line Junction, Mo.....		5.41		5.41						
Pittsburg Yards, Kas.....		1.32		1.32						
Between DeQueen, Ark., and Neal Springs, Ark.....		8.45		8.45						
Total.....	777.01	15.18	456.68	1,248.87						
BRANCH LINES OWNED OR CONTROLLED:										
Kansas City, Mo., to Independence, Mo.....	5.59		.87	6.46						
Sugar Creek Junction, Mo., to Sugar Creek, Mo.....	1.54		.54	2.08						
Asbury, Mo., to Military Junction, Kas.....	13.73		2.76	16.49						
Spiro, Okla., to Fort Smith, Ark.....	16.70		7.64	24.34						
DeQuincy, La., to Lake Charles, La.....	22.57		6.71	29.28						
Lockport Junction, La., to Lockport, La.....	4.03		1.11	5.14						
Total.....	64.16		19.63	83.79						
Total Mileage Owned or Controlled.....	841.17	15.18	476.31	1,332.66						
BRANCH LINES OPERATED UNDER LEASE:										
Kansas, Oklahoma & Gulf Ry. Co.										
Military Junction, Kas., to St. L.-S. F. Crossing, Baxter Springs, Kas..	5.94			5.94						
LINES OPERATED UNDER TRackage RIGHTS:										
St. Louis-San Francisco Ry. Co.										
Belt Junction, Mo., to Grandview, Mo.....	10.96		2.86	13.82						
Kansas City Terminal Ry. Co.										
Union Station, Kansas City, Mo., to Sheffield, Mo.....	5.31	5.11		10.42						
Missouri Pacific R. R. Co.										
Between Troost Avenue and Santa Fe Street, Kansas City, Mo.....			1.55	1.55						
Kansas, Oklahoma & Gulf Ry. Co.										
At Baxter Springs, Kas.....	1.72		1.96	3.68						
Joplin Union Depot Co.										
At Joplin, Mo.....			6.25	6.25						
The Texas and Pacific Ry. Co. and St. Louis, Iron Mountain and Southern Ry. Co.										
At Texarkana, Tex.-Ark.....			2.05	2.05						
The Kansas City, Shreveport and Gulf Terminal Co.										
At Shreveport, La.....			1.58	1.58						
Total.....	17.99	5.11	16.25	39.35						
Total Mileage Operated.....	865.10	20.29	492.56	1,377.95						
LINES OWNED OR CONTROLLED BUT NOT OPERATED:										
Leased to Central Coal & Coke Co.										
Jenson, Ark., to Bonanza Mine.....			3.28	3.28						
Leased to Sabine & Neches Valley R. R. Co.										
Possum Bluffs Spur.....			2.04	2.04						
Total.....			5.32	5.32						
Total Mileage in System.....	865.10	20.29	497.88	1,383.27						
Summary										
STATE	FIRST MAIN TRACK				SECOND MAIN TRACK		YARD, TERMINAL, INDUSTRIAL AND SIDE TRACKS			ALL TRACKS
	Main Line Owned	Branch Lines Owned	Branch Lines Leased	Under Trackage Rights	Main Line Owned	Under Trackage Rights	Main Line Owned	Branch Lines Owned	Under Trackage Rights	
Missouri.....	174.58	10.42		16.27	5.41	5.11	116.79	1.81	10.66	341.05
Kansas.....	18.38	10.44	5.94	1.72	1.32		58.41	2.36	1.96	100.53
Arkansas.....	152.92	1.40			8.45		49.49	9.24	.32	221.82
Oklahoma.....	127.64	15.30					50.83	1.03		194.80
Louisiana.....	222.46	26.60					98.32	7.82	1.58	356.78
Texas.....	81.03						85.53		1.73	168.29
Totals....	777.01	64.16	5.94	17.99	15.18	5.11	459.37	22.26	16.25	1,383.27

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Comparative Statement of Expenditures for Additions and Betterments for the Year Ended
December 31, 1925**

Table No. 5

	1925	1924	From June 30, 1914, to Date
ROAD:			
Engineering.....	\$ 26,792.94	Cr. \$ 2,326.76	\$ 146,661.54
Land for Transportation Purposes.....	89,801.37	140,808.68	643,970.03
Grading.....	214,257.21	26,604.39	1,133,882.38
Bridges, Trestles and Culverts.....	71,746.21	96,104.40	1,007,433.73
Ties.....	65,459.24	83,834.26	390,035.14
Rails.....	138,058.59	96,324.17	591,533.76
Other Track Material.....	144,856.80	165,172.31	904,293.26
Ballast.....	112,750.55	163,981.04	1,470,297.09
Track Laying and Surfacing.....	54,714.82	44,959.23	363,678.99
Right-of-way Fences.....	1,136.43	5,962.41	87,106.06
Crossings and Signs.....	17,184.31	16,007.88	160,454.76
Station and Office Buildings.....	41,444.12	40,761.54	505,250.61
Roadway Buildings.....	Cr. 910.71	3,441.77	29,860.21
Water Stations.....	24,736.84	6,192.59	123,547.72
Fuel Stations.....	303.62	45,735.70	243,973.30
Shops and Enginehouses.....	162,376.34	161,825.42	611,955.01
Wharves and Docks.....	450.00	.....	450.00
Telegraph and Telephone Lines.....	1,947.95	568.30	15,532.63
Signals and Interlockers.....	23,744.53	39,296.71	95,536.26
Power Plant Buildings.....	Cr. 337.37	687.55	809.71
Power Distribution Systems.....	5,641.88	2,579.56	14,527.30
Power Line Poles and Fixtures.....	1,343.40	75.76	1,632.28
Paving.....	.....	.60	21,372.17
Roadway Machines.....	1,669.95	986.99	12,145.46
Roadway Small Tools.....	575.89	198.76	3,364.46
Assessments for Public Improvements.....	27,893.21	30,513.29	221,848.74
Cost of Road Purchased.....	.....	646.00	674,475.36
Other Expenditures—Road.....	.....	.....	10,314.81
Shop Machinery.....	62,887.55	159,992.67	351,038.21
Power Plant Machinery.....	19,281.41	11,441.39	159,489.35
Total Expenditures for Road.....	\$1,309,807.08	\$1,342,376.62	\$ 9,996,470.33
EQUIPMENT:			
Steam Locomotives.....	Cr. \$ 5,670.84	\$ 106,607.84	\$ 2,075,100.87
Freight-train Cars.....	9,971.25	11,416.39	1,984,906.29
Passenger-train Cars.....	15,653.20	7,588.13	70,963.46
Work Equipment.....	81,544.63	22,264.24	289,666.31
Miscellaneous Equipment.....	106.68	140.95	1,060.27
Total Expenditures for Equipment.....	\$ 101,604.92	\$ 148,017.55	\$ 4,421,697.20
GENERAL EXPENDITURES:			
Law.....	\$ 10.00	.....	\$ 4,726.17
Interest during Construction.....	Cr. .58	.....	53,310.96
Total General Expenditures.....	\$ 9.42	.....	\$ 58,037.13
Grand Totals.....	\$1,411,421.42	\$1,490,394.17	\$14,476,204.66

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Improvements in Bridges, Trestles and Culverts,
from June 30, 1900, to December 31, 1925

Table No. 6

YEAR	BRIDGES								TRESTLES		CULVERTS		
	STEEL		CONCRETE		WOOD		COMBINATION		WOOD		STONE AND CON- CRETE	CAST IRON PIPE	CON- CRETE PIPE
	No.	Length in Feet	No.	Length in Feet	No.	Length in Feet	No.	Length in Feet	No.	Length in Feet	No.	No.	No.
June 30, 1900.....	135	10,283	.....	.....	.....	.....	2	453	882	132,730	16	.....	.....
June 30, 1901.....	162	13,392	.....	.....	.....	.....	1	156	751	120,193	53	25	.....
June 30, 1902*.....	199	17,546	.....	.....	1	.....	5	1,066	699	113,634	79	93	.....
June 30, 1903.....	184	17,323	.....	.....	.....	.....	5	513	691	107,853	337	197	.....
June 30, 1904.....	196	18,837	.....	.....	5	68	4	357	608	99,758	365	220	.....
June 30, 1905.....	231	19,225	.....	.....	3	66	3	213	593	96,377	354	233	.....
June 30, 1906.....	233	19,317	.....	.....	.....	.....	2	166	581	95,707	373	245	.....
June 30, 1907.....	240	19,390	.....	.....	1	18	2	157	470	86,979	433	282	.....
June 30, 1908.....	240	19,390	.....	.....	1	18	1	87	445	77,335	478	428	.....
June 30, 1909.....	245	19,502	.....	.....	1	18	1	87	433	76,218	514	502	.....
June 30, 1910.....	249	20,657	.....	.....	.....	.....	1	87	402	74,310	564	556	5
June 30, 1911.....	253	21,153	.....	.....	.....	.....	1	87	390	73,670	604	569	61
June 30, 1912.....	257	21,708	.....	.....	.....	.....	1	87	384	71,695	615	561	64
June 30, 1913.....	260	21,738	1	105	.....	.....	1	87	324	64,792	634	563	68
June 30, 1914.....	272	21,886	1	105	.....	.....	1	87	321	64,701	636	570	77
June 30, 1915.....	281	22,124	1	105	.....	.....	1	87	315	63,931	665	577	98
June 30, 1916.....	284	22,281	1	105	.....	.....	1	87	316	64,049	671	580	97
December 31, 1916..	284	22,281	1	105	.....	.....	1	87	315	65,893	675	580	98
December 31, 1917..	289	22,762	2	225	.....	.....	1	87	307	64,786	689	592	118
December 31, 1918..	295	22,851	2	225	.....	.....	1	87	306	64,804	696	593	130
December 31, 1919..	304	23,058	2	225	.....	.....	1	87	309	64,356	703	603	134
December 31, 1920..	314	23,203	2	225	.....	.....	1	87	323	64,768	705	606	146
December 31, 1921..	314	23,203	2	225	.....	.....	1	87	325	64,443	706	607	149
December 31, 1922..	314	23,203	2	225	.....	.....	1	87	320	64,092	706	609	164
December 31, 1923..	314	23,173	2	225	.....	.....	1	87	304	63,876	715	611	177
December 31, 1924..	322	23,503	3	252	.....	.....	1	87	305	64,380	721	610	202
December 31, 1925..	327	23,886	3	252	.....	.....	1	87	298	62,195	722	610	227

*Kansas City Suburban Belt R. R. was acquired in 1902.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Equipment Serviceable December 31, 1925

Table No. 7

	IN SERVICE DECEMBER 31, 1924			GAINS				LOSSES			TRANSFERRED AS BETWEEN CLASSES		IN SERVICE DECEMBER 31, 1925		
	Owned	Trust Equip- ment	Total	Pur- chased	Re- built	Built	Trust Equip- ment	Sold	Destroyed or Broken Up		From	To	Owned	Trust Equip- ment	Total
									Owned	Trust Equip- ment					
LOCOMOTIVES.															
Passenger	20	3	23					1					19	3	22
Freight	123	10	133					2	10		8		103	10	113
Switching	28		28		1			1	1			8	35		35
Totals	171	13	184		1			4	11		8	8	157	13	170
PASSENGER EQUIPMENT.															
Coaches	28		28										28		28
Chair Cars	25		25										25		25
Coach and Baggage Cars ..	2		2										2		2
Baggage Cars	17		17										17		17
Baggage, Coach and Mail Cars	1		1										1		1
Express and Mail Cars	10		10										10		10
Totals	83		83										83		83
FREIGHT EQUIPMENT.															
<i>In Commercial Service:</i>															
Box Cars	1,438	600	2,038		14				98		10		1,344	600	1,944
Furniture Cars	293		293		5				8				290		290
Stock Cars	262		262		15				17				260		260
Tank Cars	223		223						1				222		222
Coal Cars	1,067	198	1,265						5				1,062	198	1,260
Flat Cars	326		326		1			2	13		1	1*	312		312
Vinegar Tank Cars	2		2										2		2
Totals	3,611	798	4,409		35			2	142		11	1	3,492	798	4,290
Cabooses	76		76		1				3				74		74
<i>In Work Service:</i>															
Box Cars	270		270						13			10	267		267
Coal Cars	1		1										1		1
Flat Cars	72		72						3		1	1	69		69
Ballast Cars	38		38	3							5		36		36
Convertible Coal and Bal- last Cars	191		191						3				188		188
Totals	572		572	3					19		6	11	561		561
WORK EQUIPMENT.															
Business Cars	5		5										5		5
Wrecker Bunk	1		1										1		1
Outfit Coaches	10		10										10		10
Derrick Cars	14		14										14		14
Water Cars	1		1										1		1
Slope Levelers	2		2					1					1		1
Ditchers	2		2									1	3		3
Pile Drivers	2		2										2		2
Lidgerwoods	3		3									4	7		7
Scale Test Cars				1									1		1
Double-end Ballast Distrib- utor												1	1		1
Totals	40		40	1				1				6	46		46
Total Cars	4,382	798	5,180	4	36			3	164		17	18	4,256	798	5,054

*Flat Car released as carrier of lidgerwood with which it was formerly counted as a unit.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Steam Locomotives Owned or Controlled December 31, 1925

Table No. 8

CLASSIFICATION		TOTAL			
Type	Tractive Power in Pounds	Number	Tractive Power in Pounds	Weight on Drivers in Tons	Weight of Engine and Tender in Working Order—Tons
Passenger.....	20,000 or less	4	71,544	162.20	382.80
Passenger.....	Over 20,000	18	596,893	1,360.25	3,439.65
Totals.....		22	668,437	1,522.45	3,822.45
Averages.....			30,384	69.20	173.75
Freight.....	40,000 or less	25	805,096	1,605.45	3,099.75
Freight.....	80,000 or less	59	2,925,576	5,959.96	11,748.61
Freight.....	Over 80,000	29	3,435,504	6,125.00	9,212.85
Totals.....		113	7,166,176	13,690.41	24,061.21
Averages.....			63,417	121.15	212.93
Switch and Work.....	20,000 or less				
Switch and Work.....	40,000 or less	24	712,360	1,616.50	2,702.30
Switch and Work.....	Over 40,000	11	541,089	1,260.71	1,872.85
Totals.....		35	1,253,449	2,877.21	4,575.15
Averages.....			35,813	82.21	130.72
Grand Totals.....		170	9,088,062	18,090.07	32,458.81
Averages.....			53,459	106.41	190.93
Average combined Passenger and Freight Gross Ton Miles per annum per pound of Locomotive Tractive Power owned 541.8					

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Passenger-train Cars Owned or Controlled December 31, 1925

Table No. 9

CLASSIFICATION		TOTAL					
Type	Length Over Body End Sills in Feet	Number			Carrying Capacity		Light Wt. in Working Order—Tons
		All Wood	Steel Under- frame	Total	No. of Passen- gers	Tons of Commodi- ties	
Coach or Chair—First Class	Less than 60 feet	11	4	15	831	.....	585
Coach or Chair—First Class	Over 60 feet	5	17	22	1,367	.....	1,079
Coach or Chair—Second Class or Emigrant..	All	16	.....	16	902	.....	435
Coach or Chair and Combination	All	3	.....	3	80	.....	95
Total Passenger-Carrying .....	.....	35	21	56	3,180	.....	2,194
Mail, Express and Baggage	Less than 60 feet	5	5	10	.....	138	395
Mail, Express and Baggage	Over 60 feet	.....	17	17	.....	270	865
Total Commodity-Carrying .....	.....	5	22	27	.....	408	1,260
Grand Totals .....	.....	40	43	83	3,180	408	3,454

Average Passenger-train Car Miles per annum per Passenger-train Car owned..... 72,379

Description of Freight-train Cars Owned or Controlled December 31, 1925

Table No. 10

CLASSIFICATION									TOTAL	
Type	Number of Cars of Marked Capacity in Pounds					Number of Cars and Type of Construction			Light Weight in Tons	Marked Carrying Capacity in Tons
	Less than 60,000	60,000 to 80,000	80,000 to 100,000	100,000 to 140,000	Total	All Wood	Steel Under- frame	Total		
Box	106	834	1,561	.....	2,501	1,803	698	2,501	47,349	92,910
Stock .....	.....	260	.....	.....	260	260	.....	260	4,487	7,800
Tank .....	.....	119	94	9	222	.....	222	222	4,483	7,780
Total Closed	106	1,213	1,655	9	2,983	2,063	920	2,983	56,319	108,490
Gondola .....	.....	1	1,062	198	1,261	79	1,182	1,261	24,238	52,410
Flat	18	96	70	197	381	184	197	381	5,727	15,970
Total Open	18	97	1,132	395	1,642	263	1,379	1,642	29,965	68,380
All Other	1	103	90	101	295*	194	101	295	5,635	11,765
Grand Totals ..	125	1,413	2,877	505	4,920	2,520	2,400	4,920	91,919	188,635

Average Net Freight Ton Miles per annum per ton of Freight Car Carrying Capacity owned..... 9,003.3

*Does not include 5 Air-dump Cars in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
Statement of Principal Stocks and Bonds Owned December 31, 1925

Table No. 11

CHARACTER	SHARES	FACE AMOUNT	PER CENT. OF ISSUE	BOOK VALUE
CHARGED TO INVESTMENTS IN AFFILIATED COMPANIES.				
STOCKS:				
The Arkansas Western Railway Co.....	6,500	\$ 650,000.00	100.0	\$ 302,582.20
The Poteau Valley Railroad Co.....	1,008	100,800.00	100.0	35,000.00
The Maywood and Sugar Creek Railway Co.....	300	30,000.00	100.0	30,000.00
Fort Smith and Van Buren Railway Co.....	120	12,000.00	100.0	12,000.00
Central Railroad of Louisiana.....	50	5,000.00	100.0	1.00
Port Arthur Canal and Dock Co.....	5,000	500,000.00	100.0	1,193,289.37
Kansas City Terminal Railway Co.....	1,833 1/2	183,333.33	8.3	183,333.33
The Kansas City, Shreveport and Gulf Terminal Co.....	1,500	150,000.00	100.0	150,000.00
The K. C. S. Elevator Co.....	250	25,000.00	100.0	100,000.00
Joplin Union Depot Co.....	100	10,000.00	25.0	10,000.00
The Kansas and Missouri Railway and Terminal Co.....	8,000	.....	100.0	2.00*
Kansas City & Grandview Railway Co.....	140	14,000.00	100.0	14,000.00
Totals.....	24,801 1/2	\$ 1,680,133.33	.....	\$ 2,030,207.90
BONDS:				
The Arkansas Western Railway Co. First 5's.....		\$ 650,000.00	100.0	\$ 100,000.00
The Kansas City, Shreveport and Gulf Terminal Co. First 4's.....		24,000.00	16.0	15,687.50
The Kansas and Missouri Railway and Terminal Co. First 6's.....		707,000.00	100.0	689,227.63
Totals.....		\$ 1,381,000.00	.....	\$ 804,915.13
CHARGED TO INVESTMENT IN ROAD AND EQUIPMENT.				
STOCKS:				
The Kansas City, Shreveport and Gulf Railway Co.....	3,050	\$ 305,000.00	100.0	\$ 300,000.00
Texarkana and Fort Smith Railway Co.....	2,000	100,000.00	100.0	100,000.00
Totals.....	5,050	\$ 405,000.00	.....	\$ 400,000.00
BONDS:				
The Kansas City, Shreveport and Gulf Railway Co. First 5's.....		\$ 6,623,000.00	100.0	\$ 8,278,750.00
Texarkana and Fort Smith Railway Co. First 5's.....		5,591,000.00	100.0	6,988,750.00
Totals.....		\$12,214,000.00	.....	\$15,267,500.00

*No par value.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1925

Table No. 12

	1925	1924	INCREASE	DECREASE
RAILWAY OPERATING REVENUES.				
TRANSPORTATION—RAIL LINE:				
Freight.....	\$17,439,572.02	\$16,927,685.08	\$511,886.94	
Passenger.....	1,749,398.82	2,054,818.99		\$305,420.17
Excess Baggage.....	15,206.47	19,101.02		3,894.55
Mail.....	263,891.90	248,510.81	15,381.09	
Express.....	426,260.54	471,540.55		45,280.01
Other Passenger-train.....	5,412.38	4,785.29	627.09	
Switching.....	960,642.48	846,971.93	113,670.55	
Special Service Train.....	7,160.89	7,811.03		650.14
Other Freight-train.....	6,150.51	3,525.43	2,625.08	
Total Rail-Line Transportation Revenues.....	\$20,873,696.01	\$20,584,750.13	\$288,945.88	
INCIDENTAL.....	\$ 137,503.93	\$ 170,380.46		\$ 32,876.53
JOINT FACILITY.....	153,955.21	268,881.61		114,926.40
Total Railway Operating Revenues.....	\$21,165,155.15	\$21,024,012.20	\$141,142.95	
RAILWAY OPERATING EXPENSES.				
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 311,384.58	\$ 310,298.49	\$ 1,086.09	
Roadway Maintenance.....	308,155.22	257,765.64	50,389.58	
Tunnels and Subways.....	199.51	158.13	41.38	
Bridges, Trestles and Culverts.....	130,907.34	84,676.09	46,231.25	
Ties.....	311,465.61	428,834.81		\$117,369.20
Rails.....	157,639.31	176,921.58		19,282.27
Other Track Material.....	171,442.96	154,177.01	17,265.95	
Ballast.....	209,565.71	215,786.89		6,221.18
Track Laying and Surfacing.....	743,615.69	726,097.39	17,518.30	
Right-of-Way Fences.....	37,249.35	42,526.02		5,276.67
Crossings and Signs.....	34,847.16	32,342.18	2,504.98	
Station and Office Buildings.....	82,327.80	72,139.07	10,188.73	
Roadway Buildings.....	24,493.21	14,014.37	10,478.84	
Water Stations.....	23,939.12	26,628.75		2,689.63
Fuel Stations.....	8,254.27	14,036.27		5,782.00
Shops and Enginehouses.....	99,190.86	175,034.07		75,843.21
Grain Elevators.....	2,713.90	5,789.53		3,075.63
Wharves and Docks.....	26,793.69	34,883.96		8,090.27
Telegraph and Telephone Lines.....	27,990.15	51,445.38		23,455.23
Signals and Interlockers.....	9,724.25	4,096.52	5,627.73	
Power Plant Buildings.....	1,742.25	4,533.31		2,791.06
Power Distribution Systems.....	2,243.18	5,389.81		3,146.63
Power Line Poles and Fixtures.....	35.68	234.04		198.36
Miscellaneous Structures.....		Cr. .44	.44	
Paving.....	3,130.61	7,062.17		3,931.56
Roadway Machines.....	13,212.26	13,487.38		275.12
Small Tools and Supplies.....	36,018.07	34,131.30	1,886.77	
Removing Snow, Ice and Sand.....	4,940.70	10,287.32		5,346.62
Assessments for Public Improvements.....	493.74	744.56		250.82
Injuries to Persons.....	44,336.04	24,801.92	19,534.12	
Insurance.....	44,362.99	46,701.49		2,338.50
Stationery and Printing.....	10,441.22	10,709.21		267.99
Other Expenses.....	9,959.05	7,100.84	2,858.21	
Maintaining Joint Tracks, Yards and Other Fac.—Dr.	56,485.42	72,614.38		16,128.96
Maintaining Joint Tracks, Yards and Other Fac.—Cr.	106,201.33	92,694.08	13,507.25	
Total Maintenance of Way and Structures.....	\$ 2,843,099.57	\$ 2,972,755.36		\$129,655.79

NOTE.—For Federal lap-over items, not included above, see page 59.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1925

Table No. 12

	1925	1924	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 216,764.49	\$ 225,470.65		\$ 8,706.16
Shop Machinery.....	110,251.29	103,486.71	\$ 6,764.58	
Power Plant Machinery.....	23,370.48	48,447.17		25,076.69
Steam Locomotives—Repairs.....	1,347,249.53	1,437,480.17		90,230.64
Steam Locomotives—Depreciation.....	150,859.45	136,119.27	14,740.18	
Steam Locomotives—Retirements.....	73,240.31	28,167.05	45,073.26	
Freight-train Cars—Repairs.....	926,161.06	1,169,702.05		243,540.99
Freight-train Cars—Depreciation.....	184,136.59	139,475.02	44,661.57	
Freight-train Cars—Retirements.....	33,327.46	79,663.79		46,336.33
Passenger-train Cars—Repairs.....	198,617.92	197,287.60	1,330.32	
Passenger-train Cars—Depreciation.....	9,808.17	9,909.04		100.87
Passenger-train Cars—Retirements.....		2,116.65		2,116.65
Work Equipment—Repairs.....	97,359.25	107,913.12		10,553.87
Work Equipment—Depreciation.....	12,027.12	33,923.17		21,896.05
Work Equipment—Retirements.....	1,389.88	4,282.69		2,892.81
Miscellaneous Equipment—Retirements.....	264.05	375.64		111.59
Injuries to Persons.....	16,670.69	28,334.60		11,663.91
Insurance.....	16,884.53	16,119.35	765.18	
Stationery and Printing.....	16,180.20	16,480.57		300.37
Other Expenses.....	20,614.96	29,400.38		8,785.42
Maintaining Joint Equipment—Dr.....	26,427.17	56,914.17		30,487.00
Maintaining Joint Equipment—Cr.....	1,866.32	.03	1,866.29	
Equalization—Equipment.....	Cr. 6,171.38	Cr. 12,574.43		Cr. 6,403.05
Total Maintenance of Equipment.....	\$ 3,473,566.90	\$ 3,858,494.40		\$384,927.50
TRAFFIC:				
Superintendence.....	\$ 199,401.63	\$ 190,192.52	\$ 9,209.11	
Outside Agencies.....	320,002.08	280,327.62	39,674.46	
Advertising.....	23,135.94	15,885.96	7,249.98	
Traffic Associations.....	6,797.34	6,484.78	312.56	
Industrial and Immigration Bureaus.....	21,535.07	20,980.18	554.89	
Insurance.....	368.38	362.94	5.44	
Stationery and Printing.....	62,915.38	62,340.04	575.34	
Other Expenses.....	515.03	554.03		\$ 39.00
Total Traffic.....	\$ 634,670.85	\$ 577,128.07	\$ 57,542.78	
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 323,007.38	\$ 319,452.50	\$ 3,554.88	
Dispatching Trains.....	71,672.23	73,994.48		\$ 2,322.25
Station Employees.....	799,303.56	819,265.01		19,961.45
Weighing, Inspection and Demurrage Bureaus.....	36,989.02	35,494.06	1,494.96	
Station Supplies and Expenses.....	55,799.44	57,228.73		1,429.29
Yardmasters and Yard Clerks.....	179,136.11	177,804.23	1,331.88	
Yard Conductors and Brakemen.....	436,708.23	423,284.00	13,424.23	
Yard Switch and Signal Tenders.....	15,991.22	16,904.02		912.80
Yard Enginemen.....	282,024.08	265,200.47	16,823.61	
Fuel for Yard Locomotives.....	413,868.13	440,538.26		26,670.13
Water for Yard Locomotives.....	22,972.12	25,450.80		2,478.68
Lubricants for Yard Locomotives.....	4,943.25	5,002.69		59.44
Other Supplies for Yard Locomotives.....	7,976.68	9,686.30		1,709.62
Enginehouse Expenses—Yard.....	135,505.04	137,124.74		1,619.70
Yard Supplies and Expenses.....	12,033.95	9,920.65	2,113.30	
Operating Joint Yards and Terminals—Dr.....	161,189.49	223,157.06		61,967.57
Operating Joint Yards and Terminals—Cr.....	19,606.24	20,471.82		865.58
Carried Forward.....	\$ 2,939,513.69	\$ 3,019,036.18		\$ 79,522.49

NOTE.—For Federal lap-over items, not included above, see page 59.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1925

Table No. 12

	1925	1924	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
TRANSPORTATION—RAIL LINE—Continued:				
Brought Forward.....	\$ 2,939,513.69	\$ 3,019,036.18		\$ 79,522.49
Train Enginemen.....	564,910.57	581,866.24		16,955.67
Fuel for Train Locomotives.....	1,434,501.51	1,401,525.47	\$ 32,976.04	
Water for Train Locomotives.....	89,537.69	94,251.77		4,714.08
Lubricants for Train Locomotives.....	23,421.57	23,657.07		235.50
Other Supplies for Train Locomotives.....	27,369.49	29,797.39		2,427.90
Enginehouse Expenses—Train.....	177,370.90	192,271.13		14,900.23
Trainmen.....	692,585.28	729,605.46		37,020.18
Train Supplies and Expenses.....	212,950.76	222,705.90		9,755.14
Signal and Interlocker Operation.....	29,016.83	25,156.11	3,860.72	
Crossing Protection.....	37,440.25	33,519.19	3,921.06	
Drawbridge Operation.....	7,679.74	7,699.53		19.79
Telegraph and Telephone Operation.....	65,646.89	66,685.39		1,038.50
Stationery and Printing.....	67,635.50	70,983.17		3,347.67
Other Expenses.....	12,474.31	10,218.59	2,255.72	
Operating Joint Tracks and Facilities—Dr.....	27,133.96	28,205.28		1,071.32
Operating Joint Tracks and Facilities—Cr.....	58,559.13	53,958.11	4,601.02	
Insurance.....	26,650.86	17,931.64	8,719.22	
Clearing Wrecks.....	17,361.74	20,283.24		2,921.50
Damage to Property.....	21,637.86	7,825.96	13,811.90	
Damage to Live Stock on Right of Way.....	35,327.21	75,981.01		40,653.80
Loss and Damage—Freight.....	85,468.23	119,230.68		33,762.45
Loss and Damage—Baggage.....	43.94	Cr. 444.05	487.99	
Injuries to Persons.....	70,637.32	70,291.13	346.19	
Total Transportation—Rail Line.....	\$ 6,607,756.97	\$ 6,794,325.37		\$186,568.40
MISCELLANEOUS OPERATIONS:				
Grain Elevators.....	\$ 16,148.68	\$ 29,595.98		\$ 13,447.30
Producing Power Sold.....	1,918.47	4,516.82		2,598.35
Total Miscellaneous Operations.....	\$ 18,067.15	\$ 34,112.80		\$ 16,045.65
GENERAL:				
Salaries and Expenses of General Officers.....	\$ 209,961.99	\$ 203,086.67	\$ 6,875.32	
Salaries and Expenses of Clerks and Attendants.....	447,898.93	463,420.67		\$ 15,521.74
General Office Supplies and Expenses.....	56,839.04	59,388.08		2,549.04
Law Expenses.....	129,035.79	128,462.94	572.85	
Insurance.....	1,213.24	1,269.38		56.14
Pensions.....	18,830.60	17,382.67	1,447.93	
Stationery and Printing.....	43,394.10	48,530.83		5,136.73
Valuation Expenses.....	55,976.25	38,251.34	17,724.91	
Other Expenses.....	71,337.80	66,759.93	4,577.87	
General Joint Facilities—Dr.....	6,420.95	10,570.01		4,149.06
Total General.....	\$ 1,040,908.69	\$ 1,037,122.52	\$ 3,786.17	
TRANSPORTATION FOR INVESTMENT—Cr.....	\$ 32,266.62	\$ 17,409.89	\$ 14,856.73	
Grand Total Railway Operating Expenses.....	\$14,585,803.51	\$15,256,528.63		\$670,725.12
Net Revenue from Railway Operations.....	\$ 6,579,351.64	\$ 5,767,483.57	\$811,868.07	
RAILWAY TAX ACCRUALS.....	\$ 1,350,567.66	\$ 1,280,810.79	\$ 69,756.87	
UNCOLLECTIBLE RAILWAY REVENUES.....	9,713.48	5,291.85	4,421.63	
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,360,281.14	\$ 1,286,102.64	\$ 74,178.50	
Total Operating Income.....	\$ 5,219,070.50	\$ 4,481,380.93	\$737,689.57	

NOTE.—For Federal lap-over items, not included above, see page 59.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Revenues and Expenses for the Five Years Ended December 31, 1925, including Federal Lap-overs

Table No. 13

	1921	1922	1923	1924	1925
RAILWAY OPERATING REVENUES.					
TRANSPORTATION—RAIL LINE:					
Freight.....	\$17,646,457.21	\$16,345,294.78	\$18,047,084.53	\$16,928,316.14	\$17,443,178.68
Passenger.....	2,471,693.61	2,200,553.57	2,422,733.19	2,054,886.31	1,749,398.82
Excess Baggage.....	20,627.44	20,514.84	20,948.60	19,101.02	15,206.47
Mail.....	282,033.82	217,124.56	244,213.64	248,510.81	263,891.90
Express.....	301,956.57	441,599.16	500,056.48	471,540.55	426,260.54
Other Passenger-train.....	6,706.52	3,703.05	4,365.02	4,785.29	5,412.38
Switching.....	854,334.12	757,629.10	841,692.67	848,074.87	960,642.48
Special Service Train.....	8,947.34	5,964.10	7,038.84	7,811.03	7,160.89
Other Freight-train.....	2,768.63	3,423.78	14,017.36	3,525.43	6,150.51
Total Rail-Line Transportation Revenues.....	\$21,595,525.26	\$19,995,806.94	\$22,102,150.33	\$20,586,551.45	\$20,877,302.67
INCIDENTAL.....	\$ 137,118.38	\$ 238,100.81	\$ 198,954.66	\$ 170,379.41	\$ 137,503.93
JOINT FACILITY.....	Dr. 151.29	270,934.04	154,848.07	268,881.61	153,955.21
Total Railway Operating Revenues.....	\$21,732,492.35	\$20,504,841.79	\$22,455,953.06	\$21,025,812.47	\$21,168,761.81
RAILWAY OPERATING EXPENSES.					
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 2,867,962.44	\$ 2,579,562.81	\$ 3,605,318.52	\$ 2,972,919.87	\$ 2,843,099.57
MAINTENANCE OF EQUIPMENT.....	3,897,362.47	4,139,710.91	4,275,365.73	3,858,379.27	3,473,566.90
TRAFFIC.....	519,284.21	503,035.21	533,971.28	577,128.07	634,670.85
TRANSPORTATION—RAIL LINE.....	7,640,107.54	7,110,438.71	7,397,666.15	6,798,832.22	6,607,558.62
MISCELLANEOUS OPERATIONS.....		5,120.72	17,654.71	34,112.80	18,067.15
GENERAL.....	988,452.25	901,398.80	953,769.85	1,036,952.35	1,040,908.69
TRANSPORTATION FOR INVESTMENT—Cr.....	15,620.38	13,854.37	20,965.17	17,409.89	32,266.62
Total Railway Operating Expenses.....	\$15,897,548.53	\$15,225,412.79	\$16,762,781.07	\$15,260,914.69	\$14,585,605.16
Net Revenue from Railway Operations...	\$ 5,834,943.82	\$ 5,279,429.00	\$ 5,693,171.99	\$ 5,764,897.78	\$ 6,583,156.65
RAILWAY TAX ACCRUALS.....	\$ 1,047,594.65	\$ 1,314,327.49	\$ 1,435,907.45	\$ 1,276,110.83	\$ 1,349,623.39
UNCOLLECTIBLE RAILWAY REVENUES.....	10,804.49	7,666.68	10,932.33	5,185.36	9,713.48
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,058,399.14	\$ 1,321,994.17	\$ 1,446,839.78	\$ 1,281,296.19	\$ 1,359,336.87
Total Operating Income.....	\$ 4,776,544.68	\$ 3,957,434.83	\$ 4,246,332.21	\$ 4,483,601.59	\$ 5,223,819.78

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Classified Revenue Tonnage for the Year Ended
December 31, 1925

Table No. 14

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1925	1924	1925	1924	1925	1924	1925	1924
PRODUCTS OF AGRICULTURE:								
Wheat.....	27,650	75,452	3,399	33,176	31,049	108,628	.4	1.6
Corn.....	40,094	61,276	16,719	29,071	56,813	90,347	.8	1.3
Oats.....	53,151	47,909	81,787	53,104	134,938	101,013	1.9	1.5
Other Grain.....	1,129	5,129	5,551	6,445	6,680	11,574	.1	.2
Flour and Meal.....	21,076	31,462	52,185	72,981	73,261	104,443	1.0	1.5
Other Mill Products.....	47,652	65,265	25,796	31,333	73,448	96,598	1.0	1.5
Hay, Straw and Alfalfa.....	27,553	27,976	14,688	18,960	42,241	46,936	.6	.7
Tobacco.....	20	20	32	83	52	103	.0	.0
Cotton.....	32,663	22,752	11,208	6,078	43,871	28,830	.6	.4
Cotton Seed and Products, ex- cept oil.....	38,300	19,569	43,006	31,305	81,306	50,874	1.1	.7
Citrus Fruits.....	6		1,335	1,543	1,341	1,543	.0	.0
Other Fresh Fruits.....	13,314	13,819	40,778	39,271	54,092	53,090	.7	.7
Potatoes.....	10,306	6,891	23,697	28,223	34,003	35,114	.5	.5
Other Fresh Vegetables.....	1,259	872	12,388	9,322	13,647	10,194	.2	.1
Dried Fruits and Vegetables...	308	409	3,103	2,479	3,411	2,888	.0	.0
Other Products of Agriculture..	863	1,024	11,326	14,344	12,189	15,368	.2	.2
Totals.....	315,344	379,825	346,998	377,718	662,342	757,543	9.1	10.9
ANIMALS AND PRODUCTS:								
Horses and Mules.....	4,316	5,228	1,564	2,016	5,880	7,244	.1	.1
Cattle and Calves.....	14,730	14,867	4,667	4,435	19,397	19,302	.3	.3
Sheep and Goats.....	1,043	679	699	370	1,742	1,049	.0	.0
Hogs.....	8,917	10,577	713	785	9,630	11,362	.1	.2
Fresh Meats.....	3,708	3,528	4,828	4,019	8,536	7,547	.1	.1
Other Packing House Products..	11,095	10,725	22,522	24,985	33,617	35,710	.5	.5
Poultry.....	2,027	3,052	585	84	2,612	3,136	.0	.1
Eggs.....	2,363	2,172	1,990	1,226	4,353	3,398	.1	.0
Butter and Cheese.....	176	170	1,690	1,949	1,866	2,119	.0	.0
Wool.....	362	180	102	80	464	260	.0	.0
Hides and Leather.....	1,674	1,523	2,218	1,973	3,892	3,496	.1	.1
Other Animals and Products..	61,352	60,481	13,215	12,094	74,567	72,575	1.0	1.0
Totals.....	111,763	113,182	54,793	54,016	166,556	167,198	2.3	2.4
PRODUCTS OF MINES:								
Anthracite Coal.....			223	30	223	30	.0	.0
Bituminous Coal.....	638,484	554,711	139,697	154,531	778,181	709,242	10.7	10.2
Coke.....			4,447	2,028	4,447	2,028	.1	.0
Iron Ore.....			25	61	25	61	.0	.0
Other Ores and Concentrates..	13,453	12,261	46,715	5,737	60,168	17,998	.8	.3
Clay, Gravel, Sand and Stone..	308,657	486,309	301,633	225,224	610,290	711,533	8.3	10.2
Crude Petroleum.....	201	10,362	600,348	407,911	600,549	418,273	8.2	6.0
Asphaltum.....	146,839	169,680	20,392	17,901	167,231	187,581	2.3	2.7
Salt.....	1	122	22,109	15,302	22,110	15,424	.3	.2
Other Products of Mines.....	4,721	3,674	77,742	74,375	82,463	78,049	1.1	1.1
Totals.....	1,112,356	1,237,119	1,213,331	903,100	2,325,687	2,140,219	31.8	30.7
Carried Forward.....	1,539,463	1,730,126	1,615,122	1,334,834	3,154,585	3,064,960	43.2	44.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Classified Revenue Tonnage for the Year Ended
December 31, 1925

Table No. 14

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1925	1924	1925	1924	1925	1924	1925	1924
Brought Forward	1,539,463	1,730,126	1,615,122	1,334,834	3,154,585	3,064,960	43.2	44.0
PRODUCTS OF FORESTS:								
Logs, Posts, Poles and Cord-wood	139,346	151,633	35,582	39,509	174,928	191,142	2.4	2.8
Ties	163,160	245,274	24,196	55,370	187,356	300,644	2.6	4.3
Lumber, Timber, Box Shooks, Staves and Headings	663,394	612,367	410,797	427,680	1,074,191	1,040,047	14.7	14.9
Other Products of Forests	20,819	30,541	5,095	11,060	25,914	41,601	.3	.6
Totals	986,719	1,039,815	475,670	533,619	1,462,389	1,573,434	20.0	22.6
MANUFACTURES AND MISCELLANEOUS:								
Refined Petroleum	983,926	879,529	627,363	509,076	1,611,289	1,388,605	22.1	20.0
Vegetable Oils	3,300	1,914	13,808	5,070	17,108	6,984	.2	.1
Sugar, Syrup, Glucose and Molasses	589	4,927	40,838	35,898	41,427	40,825	.6	.6
Boats and Vessel Supplies			5	19	5	19	.0	.0
Iron, Pig and Bloom		30	3,981	3,229	3,981	3,259	.1	.0
Rails and Fastenings	15,484	11,352	7,028	4,813	22,512	16,165	.3	.2
Bar and Sheet Iron, Structural Iron and Iron Pipe	18,845	25,323	121,962	109,349	140,807	134,672	1.9	1.9
Other Metals, Pig, Bar and Sheet	593	1,106	28,562	25,838	29,155	26,944	.4	.4
Castings, Machinery and Boilers	4,800	5,027	17,011	13,965	21,811	18,992	.3	.3
Cement	1,488	650	39,126	36,551	40,614	37,201	.5	.5
Brick and Artificial Stone	34,266	18,966	32,428	41,925	66,694	60,891	.9	.9
Lime and Plaster	688	1,117	3,845	4,556	4,533	5,673	.1	.1
Sewer Pipe and Drain Tile	9,246	7,358	2,582	1,553	11,828	8,911	.2	.1
Agricultural Implements and Vehicles except automobiles	2,831	2,758	8,964	10,124	11,795	12,882	.2	.2
Automobiles and Auto Trucks	3,715	2,771	40,746	23,622	44,461	26,393	.6	.4
Household Goods and Second Hand Furniture	2,100	2,405	2,269	2,272	4,369	4,677	.1	.1
Furniture (New)	2,918	2,391	5,979	5,442	8,897	7,833	.1	.1
Beverages	164	142	2,814	1,508	2,978	1,650	.0	.0
Ice	21,959	19,066	18	15	21,977	19,081	.3	.3
Fertilizers (All Kinds)	15,444	12,525	5,693	4,109	21,137	16,634	.3	.2
Paper, Printed Matter and Books	159	188	10,274	10,927	10,433	11,115	.1	.2
Chemicals and Explosives	34,324	22,537	29,975	22,933	64,299	45,470	.9	.7
Textiles	273	247	8,320	7,327	8,593	7,574	.1	.1
Canned Goods (All Canned Food Products)	6,605	3,489	21,704	17,657	28,309	21,146	.4	.3
Other Manufactures and Miscellaneous	185,305	158,500	157,023	129,551	342,328	288,051	4.7	4.1
Totals	1,349,022	1,184,318	1,232,318	1,027,329	2,581,340	2,211,647	35.4	31.8
Merchandise—All L. C. L. Freight	61,660	69,858	43,350	38,939	105,010	108,797	1.4	1.6
GRAND TOTALS	3,936,864	4,024,117	3,366,460	2,934,721	7,303,324	6,958,838	100.0	100.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended December 31, 1925

Table No. 15

	1925	1924
TRAIN MILES.		
Freight:		
Ordinary.....	1,923,750	1,958,209
Light.....	14,142	13,706
Total Freight.....	1,937,892	1,971,915
Passenger.....	1,391,062	1,422,115
Mixed.....	1,638	5,490
Special.....	1,489	1,549
Total Transportation Service.....	3,332,081	3,401,069
Work Service.....	126,216	117,342
LOCOMOTIVE MILES.		
Freight:		
Principal.....	1,937,935	1,972,121
Helper.....	21,885	57,967
Light.....	52,837	73,842
Total Freight.....	2,012,657	2,103,930
Passenger:		
Principal.....	1,391,062	1,422,115
Helper.....	8,131	7,874
Light.....	7,186	9,891
Total Passenger.....	1,406,379	1,439,880
Mixed:		
Principal.....	1,638	5,490
Special:		
Principal.....	1,489	1,549
Light.....	6	35
Total Special.....	1,495	1,584
Train Switching.....	39,105	45,245
Yard Switching:		
Freight.....	1,061,005	1,035,130
Passenger.....	15,360	15,590
Total Yard Switching.....	1,076,365	1,050,720
Total Transportation Service.....	4,537,639	4,646,849
Work Service.....	127,011	117,699
CAR MILES.		
Freight Train:		
Loaded.....	64,509,006	60,696,500
Empty.....	28,324,025	25,018,460
Subtotal.....	92,833,031	85,714,960
Caboose.....	1,937,892	1,971,915
Exclusive Work Equipment.....	289,972	258,939
Total Freight Train.....	95,060,895	87,945,814
Passenger Train:		
Passenger.....	3,140,717	3,310,687
Sleeping, Parlor and Observation.....	2,094,984	1,926,334
Dining.....	176	978
Other.....	3,354,976	3,269,960
Total Passenger Train.....	8,590,853	8,507,959
Mixed Train:		
Freight—Loaded.....	1,548	4,894
Freight—Empty.....	1,312	4,277
Passenger.....	1,638	5,490
Total Mixed Train.....	4,498	14,661
Special Train:		
Freight—Loaded.....	32,115	26,569
Freight—Empty.....	1,335	3,064
Caboose.....	1,489	1,321
Exclusive Work Equipment.....		371
Passenger.....	11,620	9,160
Dining.....	420	
Other Passenger Train.....	583	406
Total Special Train.....	47,562	40,891
Total Transportation Service.....	103,703,808	96,509,325
Work Service.....	1,569,173	1,741,935
Average Freight Car Miles per Car-Day.....	43.6	40.9

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement Showing Performance of Locomotives for the Year Ended
December 31, 1925

Table No. 16

	1925	1924
Cost of Repairs to Locomotives and Tenders.....	\$1,385,379.49	\$1,472,512.95
Per Mile run.....	.2970	.3091
Cost of Fuel used.....	\$1,836,690.30	\$1,823,310.78
Cost of Fuel Station Operation.....	61,012.30	60,632.17
Total Cost of Fuel per Mile run.....	.4068	.3954
Cost of Enginemen, Firemen and Roundhousemen.....	\$1,197,836.89	\$1,206,450.40
Per Mile run.....	.2568	.2532
Cost of Water Supply.....	\$ 115,172.38	\$ 121,789.99
Per Mile run.....	.0247	.0256
Cost of Lubricating Oil and Grease used.....	\$ 26,095.77	\$ 26,180.63
Per Mile run.....	.0056	.0055
Cost of Waste used.....	\$ 2,882.87	\$ 2,966.88
Per Mile run.....	.0006	.0006
Cost of Other Supplies.....	\$ 36,168.65	\$ 40,212.26
Per Mile run.....	.0078	.0084
Total Cost.....	\$4,661,238.65	\$4,754,056.06
Total Cost per Mile run.....	.9993	.9978
Tons of Coal used.....	110,786	127,407
Price per Ton.....	\$3.95	\$4.71
Barrels of Fuel Oil used.....	1,128,231	1,151,603
Price per Barrel.....	\$1.29	\$1.12
Miles run per Ton of Coal used.....	11.09	10.60
Miles run per Barrel of Oil used.....	3.05	2.96
Pints of Lubricating Oil and Grease used.....	343,145	357,618
Price per Pint.....	\$.0760	\$.0732
Miles run per Pint of Lubricating Oil and Grease used.....	13.59	13.32
Miles run per Pint of All Oils used.....	10.23	11.04
Pounds of Waste used.....	21,502	24,440
Price per Pound.....	\$.1341	\$.1214
Miles run per Pound of Waste used.....	216.94	194.94

NOTE.—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Condensed Statement of Comparative Operating Results for the Year Ended
December 31, 1925

Table No. 17

	1925	1924
Mileage Operated.....	865.10	854.09
Number of Tons carried:		
Revenue freight.....	7,303,324	6,958,838
Company freight.....	734,104	905,631
Average Distance (Miles) each ton was carried:		
Revenue freight.....	218.03	221.62
Including Company freight.....	209.38	209.69
Number of Tons carried one mile:		
Revenue freight.....	1,592,310,943	1,542,245,437
Company freight.....	90,572,565	106,833,160
Number of Tons carried one mile per mile of road:		
Revenue freight.....	1,840,609	1,805,718
Including Company freight.....	1,945,305	1,930,802
Tons to each loaded car:		
Revenue freight.....	24.68	25.41
Including Company freight.....	26.09	27.17
Tons to each loaded and empty car:		
Revenue freight.....	17.15	17.98
Including Company freight.....	18.13	19.23
Cars to each train:		
Loaded.....	33.29	30.78
Empty.....	14.62	12.69
Train Load in tons:		
Revenue freight.....	821.23	780.75
Including Company freight.....	867.94	834.83
Gross Ton Miles—Freight.....	3,736,333,822	3,476,915,242
Per freight train mile.....	1,928.04	1,763.22
Per freight locomotive mile.....	1,856.42	1,652.58
Number of Passengers carried—Earning revenue.....	724,364	1,041,183
Average Distance (Miles) each passenger was carried.....	71.34	57.51
Number of Passengers carried one mile.....	51,675,305	59,875,457
Per mile of road.....	59,733	70,104
Freight Revenue.....	\$17,439,572.02	\$16,927,685.08
Per mile of road.....	20,159.02	19,819.56
Per revenue freight train mile.....	8.99441	8.56946
Per ton of freight.....	2.38790	2.43254
Per ton per mile.....	.01095	.01098
Passenger Revenue.....	\$ 1,749,398.82	\$ 2,054,818.99
Per passenger.....	2.41508	1.97354
Per passenger per mile.....	.03385	.03432
Freight and Passenger Revenue.....	\$19,188,970.84	\$18,982,504.07
Per mile of road.....	22,181.22	22,225.42
Passenger Service Train Revenue.....	\$ 2,460,170.11	\$ 2,798,756.66
Per mile of road.....	2,843.80	3,276.89
Per revenue passenger train mile.....	1.76780	1.96518
Gross Revenues from Operation.....	\$21,165,155.15	\$21,024,012.20
Per mile of road.....	24,465.56	24,615.69
Per revenue train mile.....	6.35193	6.18159
Maintenance of Way and Structures.....	\$ 2,843,099.57	\$ 2,972,755.36
Per mile of road.....	3,286.44	3,480.61
Per revenue train mile.....	.85325	.87407
Maintenance of Equipment.....	\$ 3,473,566.90	\$ 3,858,494.40
Per mile of road.....	4,015.22	4,517.67
Per revenue train mile.....	1.04246	1.13449
Traffic Expenses.....	\$ 634,670.85	\$ 577,128.07
Per mile of road.....	733.64	675.72
Per revenue train mile.....	.19047	.16969
Transportation Expenses.....	\$ 6,607,756.97	\$ 6,794,325.37
Per mile of road.....	7,638.14	7,955.05
Per revenue train mile.....	1.98307	1.99770
Miscellaneous Operations.....	\$ 18,067.15	\$ 34,112.80
Per mile of road.....	20.89	39.94
Per revenue train mile.....	.00542	.01003
General Expenses.....	\$ 1,040,908.69	\$ 1,037,122.52
Per mile of road.....	1,203.22	1,214.30
Per revenue train mile.....	.31239	.30494
Transportation for Investment—Cr.....	\$ 32,266.62	\$ 17,409.89
Per mile of road.....	37.30	20.38
Per revenue train mile.....	.00968	.00512
Total Operating Expenses.....	\$14,585,803.51	\$15,256,528.63
Per mile of road.....	16,860.25	17,862.91
Per revenue train mile.....	4.37738	4.48580
Net Revenue from Operation.....	\$ 6,579,351.64	\$ 5,767,483.57
Per mile of road.....	7,605.31	6,752.78
Per revenue train mile.....	1.97455	1.69579
Ratio Operating Expenses to Gross Revenues.....	68.91%	72.57%
Ratio Operating Expenses and Taxes to Gross Revenues.....	75.30%	78.66%

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1925

Table No. 18

ASSETS	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment	\$1,287,174.59	\$1,285,021.22	\$ 2,153.37	
Miscellaneous Physical Property	167.00	167.00		
Total Investments	\$1,287,341.59	\$1,285,188.22	\$ 2,153.37	
CURRENT ASSETS.				
Cash	\$ 7,371.92	\$ 6,963.86	\$ 408.06	
Traffic and Car-service Balances receivable	2,489.02	1,408.31	1,080.71	
Net Balance receivable from Agents and Conductors	712.03	53.24	658.79	
Miscellaneous Accounts receivable	1,040.09	664.91	375.18	
Material and Supplies	1,679.61	1,012.00	667.61	
Other Current Assets	25.92	23.92	2.00	
Total Current Assets	\$ 13,318.59	\$ 10,126.24	\$ 3,192.35	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 66.71	\$ 60.00	\$ 6.71	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty		17,974.47		\$ 17,974.47
Other accounts	347.94	255.87	92.07	
Total Unadjusted Debits	\$ 414.65	\$ 18,290.34		\$ 17,875.69
Grand Totals	\$1,301,074.83	\$1,313,604.80		\$ 12,529.97

LIABILITIES	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
CAPITAL STOCK.	\$ 650,000.00	\$ 650,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 5 Per Cent. Bonds, due July 1, 1934	\$ 650,000.00	\$ 650,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Interest on Bonds—The Kansas City Southern Ry. Co.				
Notes	309,750.00	456,000.00		\$146,250.00
Open Account	178,750.00		\$178,750.00	
Open Account—The Kansas City Southern Ry. Co.	333,660.49	304,290.48	29,370.01	
Total Long-term Debt	\$1,472,160.49	\$1,410,290.48	\$ 61,870.01	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable	\$ 980.77	\$ 891.10	\$ 89.67	
Audited Accounts and Wages payable	7,528.20	10,338.41		\$ 2,810.21
Miscellaneous Accounts payable	161.23	141.05	20.18	
Unmatured Interest accrued—The Kansas City Southern Ry. Co.	2,708.33	2,708.33		
Other Current Liabilities	10.62	19.60		8.98
Total Current Liabilities	\$ 11,389.15	\$ 14,098.49		\$ 2,709.34
DEFERRED LIABILITIES.				
Other Deferred Liabilities	\$ 23.61	\$ 23.61		
UNADJUSTED CREDITS.				
Tax Liability	\$ 6,016.67	\$ 6,458.33		\$ 441.66
Other Unadjusted Credits	960.12	1,096.70		136.58
Total Unadjusted Credits	\$ 6,976.79	\$ 7,555.03		\$ 578.24
Total Liabilities	\$2,140,550.04	\$2,081,967.61	\$ 58,582.43	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus	Cr. \$ 3,799.11	Cr. \$ 3,799.11		
Profit and Loss debit balance	843,274.32	772,161.92	\$ 71,112.40	
Total Corporate Deficit	\$ 839,475.21	\$ 768,362.81	\$ 71,112.40	
Grand Totals	\$1,301,074.83	\$1,313,604.80		\$ 12,529.97

The above Balance Sheet as at December 31, 1925, in our opinion correctly shows the financial position of The Arkansas Western Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, April 13, 1926.

PRICE, WATERHOUSE & CO.

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1925

Table No. 19

	1925	1924
OPERATING INCOME.		
Railway Operating Revenues	\$ 54,302.88	\$ 50,381.62
Railway Operating Expenses	64,786.83	68,626.10
Net Revenue from Railway Operations—Deficit	\$ 10,483.95	\$ 18,244.48
Railway Tax Accruals	\$ 6,826.00	\$ 7,347.26
Uncollectible Railway Revenues	4.77	88.50
Total Tax Accruals and Uncollectible Revenues	\$ 6,830.77	\$ 7,435.76
Total Operating Income—Deficit	\$ 17,314.72	\$ 25,680.24
NONOPERATING INCOME.		
Miscellaneous Rent Income	\$ 111.00	\$ 132.00
Income from Unfunded Securities and Accounts	156.72	149.03
Miscellaneous Income	Dr. 1,344.48	.....
Total Nonoperating Income	\$ 1,076.76*	\$ 281.03
Gross Income—Deficit	\$ 18,391.48	\$ 25,399.21
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 3,692.14	\$ 2,803.76
Rent for Locomotives	10,950.00	10,133.96
Rent for Passenger-train Cars	5,939.20	5,966.40
Interest on Funded Debt	32,500.00	32,500.00
Interest on Unfunded Debt	17.62	2.68
Total Deductions from Gross Income	\$ 53,098.96	\$ 51,406.80
Net Income—Deficit	\$ 71,490.44	\$ 76,806.01
*Deficit.		
Profit and Loss Account for the Year Ended December 31, 1925		
	DEBITS	CREDITS
Debit Balance at beginning of year	\$772,161.92	
Debit Balance transferred from Income	71,490.44	
Unrefundable Overcharges		\$ 1.63
Miscellaneous Credits		380.56
Miscellaneous Debits	4.15	
Debit Balance carried to Balance Sheet		843,274.32
Totals	\$843,656.51	\$843,656.51

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1925

Table No. 20

	1925	1924
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$43,552.94	\$36,415.52
Passenger.....	6,396.34	9,349.51
Excess Baggage.....	71.21	182.01
Mail.....	2,151.26	1,987.44
Express.....	1,533.16	1,543.44
Other Passenger-train.....	101.93	
Other Freight-train.....	23.04	
Special Service Train.....		399.78
INCIDENTAL.....	473.00	503.92
Total Railway Operating Revenues.....	\$54,302.88	\$50,381.62
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$33,041.68	\$36,373.50
MAINTENANCE OF EQUIPMENT.....	3,908.92	3,668.45
TRAFFIC.....	599.27	601.79
TRANSPORTATION—RAIL LINE.....	24,504.73	25,333.71
GENERAL.....	2,737.84	2,648.65
TRANSPORTATION FOR INVESTMENT—Cr.....	5.61	
Total Railway Operating Expenses.....	\$64,786.83	\$68,626.10
Net Revenue from Railway Operations—Deficit.....	\$10,483.95	\$18,244.48
RAILWAY TAX ACCRUALS.....	\$ 6,826.00	\$ 7,347.26
UNCOLLECTIBLE RAILWAY REVENUES.....	4.77	88.50
Total Tax Accruals and Uncollectible Revenues.....	\$ 6,830.77	\$ 7,435.76
Total Operating Income—Deficit.....	\$17,314.72	\$25,680.24

THE POTEAU VALLEY RAILROAD COMPANY

Comparative General Balance Sheet, December 31, 1925

Table No. 21

ASSETS	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$101,193.45	\$103,930.90	.....	\$ 2,737.45
CURRENT ASSETS.				
Cash.....	\$ 1,473.13	\$ 2,401.01	.....	\$ 927.88
Traffic and Car-service Balances receivable.....	123.13	773.71	.....	650.58
Net Balance receivable from Agents and Conductors.....	27.66	9.68	\$ 17.98	
Miscellaneous Accounts receivable.....	26.50	90.52	.....	64.02
Material and Supplies.....	552.44	139.37	413.07	
Other Current Assets.....	5.34	1.34	4.00	
Total Current Assets.....	\$ 2,208.20	\$ 3,415.63	.....	\$ 1,207.43
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 62.53	\$ 68.83	.....	\$ 6.30
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....		10,208.38	.....	10,208.38
Other accounts.....	22.18	170.39	.....	148.21
Total Unadjusted Debits.....	\$ 84.71	\$ 10,447.60	.....	\$10,362.89
Grand Totals.....	\$103,486.36	\$117,794.13	.....	\$14,307.77

LIABILITIES	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
CAPITAL STOCK.....	\$100,800.00	\$100,800.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$161,219.90	\$152,536.28	\$ 8,683.62	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 4.18	\$ 111.38	.....	\$ 107.20
Audited Accounts and Wages payable.....	1,533.82	3,734.22	.....	2,200.40
Miscellaneous Accounts payable.....	8.22	12.42	.....	4.20
Other Current Liabilities.....		148.41	.....	148.41
Total Current Liabilities.....	\$ 1,546.22	\$ 4,006.43	.....	\$ 2,460.21
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,700.00	\$ 2,000.00	.....	\$ 300.00
Accrued Depreciation—Equipment.....	328.90	294.58	\$ 34.32	
Other Unadjusted Credits.....	212.48	455.61	.....	243.13
Total Unadjusted Credits.....	\$ 2,241.38	\$ 2,750.19	.....	\$ 508.81
Total Liabilities.....	\$265,807.50	\$260,092.90	\$ 5,714.60	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	\$162,321.14	\$142,298.77	\$20,022.37	
Grand Totals.....	\$103,486.36	\$117,794.13	.....	\$14,307.77

The above Balance Sheet as at December 31, 1925, in our opinion correctly shows the financial position of The Poteau Valley Railroad Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, April 13, 1926.

PRICE, WATERHOUSE & CO.

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Income Account for the Year Ended December 31, 1925

Table No. 22

	1925	1924
OPERATING INCOME.		
Railway Operating Revenues	\$ 2,260.77	\$ 14,155.68
Railway Operating Expenses	11,972.34	27,364.63
Net Revenue from Railway Operations—Deficit	\$ 9,711.57	\$ 13,208.95
Railway Tax Accruals	\$ 1,334.08	\$ 1,790.18
Uncollectible Railway Revenues	12.01	11.20
Total Tax Accruals and Uncollectible Revenues	\$ 1,346.09	\$ 1,801.38
Total Operating Income—Deficit	\$ 11,057.66	\$ 15,010.33
NONOPERATING INCOME.		
Miscellaneous Rent Income	\$ 12.00	\$ 12.00
Income from Unfunded Securities and Accounts	42.91	52.51
Miscellaneous Income	Dr. 392.00	
Total Nonoperating Income	\$ 337.09*	\$ 64.51
Gross Income—Deficit	\$ 11,394.75	\$ 14,945.82
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance	\$ 1,101.00	\$ 4,348.00
Rent for Locomotives	4,500.00	10,850.49
Total Deductions from Gross Income	\$ 5,601.00	\$ 15,198.49
Net Income—Deficit	\$ 16,995.75	\$ 30,144.31
*Deficit		
Profit and Loss Account for the Year Ended December 31, 1925		
	DEBITS	CREDITS
Debit Balance at beginning of year	\$142,298.77	
Debit Balance transferred from Income	16,995.75	
Loss on Retired Road and Equipment	3,026.62	
Debit Balance carried to Balance Sheet		\$162,321.14
Totals	\$162,321.14	\$162,321.14

THE POTEAU VALLEY RAILROAD COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1925

Table No. 23

	1925	1924
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$ 1,943.71	\$12,859.73
Passenger.....	124.55	783.53
Excess Baggage.....	.04	.90
Mail.....	62.12	378.12
INCIDENTAL.....	130.35	133.40
Total Railway Operating Revenues.....	\$ 2,260.77	\$14,155.68
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 3,926.60	\$ 9,932.19
MAINTENANCE OF EQUIPMENT.....	1,782.86	1,304.41
TRAFFIC.....	.....	.93
TRANSPORTATION—RAIL LINE.....	5,245.64	14,964.34
GENERAL.....	1,017.24	1,162.76
Total Railway Operating Expenses.....	\$11,972.34	\$27,364.63
Net Revenue from Railway Operations—Deficit.....	\$ 9,711.57	\$13,208.95
RAILWAY TAX ACCRUALS.....	\$ 1,334.08	\$ 1,790.18
UNCOLLECTIBLE RAILWAY REVENUES.....	12.01	11.20
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,346.09	\$ 1,801.38
Total Operating Income—Deficit.....	\$11,057.66	\$15,010.33

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY

Comparative General Balance Sheet, December 31, 1925

Table No. 24

ASSETS	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment	\$565,805.68	\$573,873.37		\$8,067.69
Miscellaneous Physical Property	8,529.00		\$ 8,529.00	
Total Investments	\$574,334.68	\$573,873.37	\$ 461.31	
CURRENT ASSETS.				
Cash	\$ 38,376.80	\$ 26,873.01	\$11,503.79	
Special Deposits	110.00	120.00		\$ 10.00
Miscellaneous Accounts receivable	25,688.67	14,702.43	10,986.24	
Rents receivable	1,837.10	6,671.78		4,834.68
Total Current Assets	\$ 66,012.57	\$ 48,367.22	\$17,645.35	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance	\$ 1,488.54	\$ 1,872.35		\$ 383.81
Other Unadjusted Debits	86.32	57.33	28.99	
Total Unadjusted Debits	\$ 1,574.86	\$ 1,929.68		\$ 354.82
Grand Totals	\$641,922.11	\$624,170.27	\$17,751.84	

LIABILITIES	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
CAPITAL STOCK.	\$150,000.00	\$150,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 4 Per Cent. Gold Bonds, due August 1, 1927	\$150,000.00	\$150,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	219,825.98	219,825.98		
Total Long-term Debt	\$369,825.98	\$369,825.98		
CURRENT LIABILITIES.				
Audited Accounts and Wages payable	\$ 13,001.11	\$ 12,565.93	\$ 435.18	
Miscellaneous Accounts payable	1,642.45	1,427.00	215.45	
Interested Matured unpaid	110.00	120.00		\$ 10.00
Unmatured Interest accrued	2,500.00	2,500.00		
Other Current Liabilities	159.60	183.40		23.80
Total Current Liabilities	\$ 17,413.16	\$ 16,796.33	\$ 616.83	
UNADJUSTED CREDITS.				
Tax Liability	\$ 8,083.06	\$ 7,067.78	\$1,015.28	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus	\$ 139.94	\$ 139.94		
Appropriated Surplus not specifically invested	15,703.54	12,521.53	\$ 3,182.01	
Profit and Loss credit balance	80,756.43	67,818.71	12,937.72	
Total Corporate Surplus	\$ 96,599.91	\$ 80,480.18	\$16,119.73	
Grand Totals	\$641,922.11	\$624,170.27	\$17,751.84	

The above Balance Sheet as at December 31, 1925, in our opinion correctly shows the financial position of The Kansas City, Shreveport and Gulf Terminal Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, April 13, 1926.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY
Comparative Statement of Revenues, Expenses and Income for the Year Ended
December 31, 1925

Table No. 25

	1925	1924
RAILWAY OPERATING REVENUES.		
INCIDENTAL.....	\$ 9,525.87	\$ 5,733.53
JOINT FACILITY.....	Dr. 9,525.87	Dr. 5,733.53
Total Railway Operating Revenues.....		
RAILWAY TAX ACCRUALS.....	\$10,007.49	\$ 8,388.14
Total Operating Income—Deficit.....	\$10,007.49	\$ 8,388.14
NONOPERATING INCOME.		
Joint Facility Rent Income.....	\$29,536.92	\$29,300.21
Miscellaneous Rent Income.....	1,907.07	1,813.78
Income from Unfunded Securities and Accounts.....	881.39	659.53
Total Nonoperating Income.....	\$32,325.38	\$31,773.52
Gross Income.....	\$22,317.89	\$23,385.38
DEDUCTIONS FROM GROSS INCOME.		
Joint Facility Rents.....	\$ 149.76	\$ 566.03
Interest on Funded Debt.....	6,000.00	6,000.00
Total Deductions from Gross Income.....	\$ 6,149.76	\$ 6,566.03
Net Income.....	\$16,168.13	\$16,819.35
DISPOSITION OF NET INCOME.		
Miscellaneous Appropriations of Income.....	3,182.01	3,489.06
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	\$12,986.12	\$13,330.29
Profit and Loss Account for the Year Ended December 31, 1925		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$67,818.71
Credit Balance transferred from Income.....		12,986.12
Loss on Retired Road and Equipment.....	\$ 48.40	
Credit Balance carried to Balance Sheet.....	80,756.43	
Totals.....	\$80,804.83	\$80,804.83

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative General Balance Sheet, December 31, 1925

Table No. 26

ASSETS	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$3,111,751.98	\$3,090,424.91	\$ 21,327.07	
CURRENT ASSETS.				
Cash:				
Deposit with Trustee under First Mortgage.....	\$ 480,000.00	\$ 480,000.00		
Miscellaneous Deposits.....	34,346.00	27,461.15	\$ 6,884.85	
Special Deposits.....	990.00	1,080.00		\$ 90.00
Net Balance receivable from Agents.....	1,552.82	2,093.64		540.82
Miscellaneous Accounts receivable.....	16,626.68	8,814.30	7,812.38	
Rents receivable.....	67,995.30	60,625.93	7,369.37	
Total Current Assets.....	\$ 601,510.80	\$ 580,075.02	\$ 21,435.78	
UNADJUSTED DEBITS.				
Discount on Funded Debt.....	\$ 132,197.26	\$ 117,682.63	\$ 14,514.63	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....		26,832.16		\$ 26,832.16
Total Unadjusted Debits.....	\$ 132,197.26	\$ 144,514.79		\$ 12,317.53
Grand Totals.....	\$3,845,460.04	\$3,815,014.72	\$ 30,445.32	

LIABILITIES	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 500,000.00	\$ 500,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 6 Per Cent. Gold Bonds, due February 1, 1953.....	\$2,500,000.00	\$2,000,000.00	\$500,000.00	
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co....	204,093.65	661,093.65		\$457,000.00
Total Long-term Debt.....	\$2,704,093.65	\$2,661,093.65	\$ 43,000.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 24,303.29	\$ 28,447.61		\$ 4,144.32
Miscellaneous Accounts payable.....	2,854.96	8,328.18		5,473.22
Interest Matured unpaid.....	990.00	1,080.00		90.00
Unmatured Interest accrued.....	62,500.00	50,000.00	\$ 12,500.00	
Other Current Liabilities.....	1,130.10	1,114.50	15.60	
Total Current Liabilities.....	\$ 91,778.35	\$ 88,970.29	\$ 2,808.06	
DEFERRED LIABILITIES.				
Other Deferred Liabilities.....	\$ 5,633.50	\$ 26,108.88		\$ 20,475.38
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 12,455.78	\$ 108.00	\$ 12,347.78	
Profit and Loss credit balance.....	531,498.76	538,733.90		\$ 7,235.14
Total Corporate Surplus.....	\$ 543,954.54	\$ 538,841.90	\$ 5,112.64	
Grand Totals.....	\$3,845,460.04	\$3,815,014.72	\$ 30,445.32	

The above Balance Sheet as at December 31, 1925, in our opinion correctly shows the financial position of the Port Arthur Canal and Dock Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

231 SOUTH LA SALLE STREET,
CHICAGO, April 13, 1926.

PRICE, WATERHOUSE & CO.

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1925

Table No. 27

	1925	1924
OPERATING REVENUES.		
INCIDENTAL.....		\$ 71.51
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 1,361.99	\$ 119.29
TRANSPORTATION.....		35.65
GENERAL.....		30.00
Total Operating Expenses.....	\$ 1,361.99	\$ 184.94
Net Revenue from Operations—Deficit.....	\$ 1,361.99	\$ 113.43
TAX ACCRUALS.....	\$ 25.59	
UNCOLLECTIBLE REVENUES.....		\$ 7.87
Total Operating Income—Deficit.....	\$ 1,387.58	\$ 121.30
NONOPERATING INCOME.		
Income from Lease of Road.....	\$156,656.07	\$125,414.07
Miscellaneous Rent Income.....	3,000.00	3,000.00
Income from Unfunded Securities and Accounts.....	17,834.89	29,420.33
Miscellaneous Income.....		4.00
Total Nonoperating Income.....	\$177,490.96	\$157,838.40
Gross Income.....	\$176,103.38	\$157,717.10
DEDUCTIONS FROM GROSS INCOME.		
Interest on Funded Debt.....	\$149,666.67	\$129,944.04
Amortization of Discount on Funded Debt.....	5,185.79	4,679.68
Miscellaneous Income Charges.....	1,653.90	1,264.50
Total Deductions from Gross Income.....	\$156,506.36	\$135,888.22
Net Income.....	\$ 19,597.02	\$ 21,828.88
Profit and Loss Account for the Year Ended December 31, 1925		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$538,733.90
Credit Balance transferred from Income.....		19,597.02
Donations.....		12,347.78
Surplus Appropriated for Investment in Physical Property.....	\$ 12,347.78	
Miscellaneous Debits.....	26,832.16	
Credit Balance carried to Balance Sheet.....	531,498.76	
Totals.....	\$570,678.70	\$570,678.70

THE K. C. S. ELEVATOR COMPANY
Comparative General Balance Sheet, December 31, 1925

Table No. 28

ASSETS	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$188,687.05	\$188,687.05		
CURRENT ASSETS.				
Cash.....	\$ 5,805.76	\$ 4,813.04	\$ 992.72	
Miscellaneous Accounts receivable.....		1,992.74		\$1,992.74
Total Current Assets.....	\$ 5,805.76	\$ 6,805.78		\$1,000.02
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 778.77	\$ 365.60	\$ 413.17	
Grand Totals.....	\$195,271.58	\$195,858.43		\$ 586.85

LIABILITIES	DECEMBER 31, 1925	DECEMBER 31, 1924	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 25,000.00	\$ 25,000.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.	\$144,549.03	\$142,734.03	\$1,815.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 12.80	\$ 24.05		\$ 11.25
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
Moore-Seaver Grain Co.....	\$111,462.23	\$113,277.23		\$1,815.00
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 583.33	\$ 583.33		
Other Unadjusted Credits.....	1,250.00	1,250.00		
Total Unadjusted Credits.....	\$ 1,833.33	\$ 1,833.33		
Total Liabilities.....	\$282,857.39	\$282,868.64		\$ 11.25
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	\$ 87,585.81	\$ 87,010.21	\$ 575.60	
Grand Totals.....	\$195,271.58	\$195,858.43		\$ 586.85

The above Balance Sheet as at December 31, 1925, in our opinion correctly shows the financial position of The K. C. S. Elevator Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.
231 SOUTH LA SALLE STREET,
CHICAGO, April 13, 1926.

PRICE, WATERHOUSE & CO.

THE K. C. S. ELEVATOR COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1925

Table No. 29

	1925	1924
OPERATING REVENUES.		
INCIDENTAL.....	\$15,028.04	\$15,028.04
Total Operating Revenues.....	\$15,028.04	\$15,028.04
OPERATING EXPENSES.		
MAINTENANCE.....	\$ 8,385.66	\$ 6,617.99
GENERAL.....		26.25
Total Operating Expenses.....	\$ 8,385.66	\$ 6,644.24
Net Revenue from Operations.....	\$ 6,642.38	\$ 8,383.80
TAX ACCRUALS.....	545.85	297.75
Total Operating Income.....	\$ 6,096.53	\$ 8,086.05
NONOPERATING INCOME.....	79.26	75.81
Gross Income.....	\$ 6,175.79	\$ 8,161.86
DEDUCTIONS FROM GROSS INCOME.....	6,751.39	7,055.71
Net Income.....	\$ 575.60*	\$ 1,106.15
*Deficit.		
Profit and Loss Account for the Year Ended December 31, 1925		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$87,010.21	
Debit Balance transferred from Income.....	575.60	
Debit Balance carried to Balance Sheet.....		\$87,585.81
Totals.....	\$87,585.81	\$87,585.81

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Income Account for the Year Ended December 31, 1925

Table No. 30

OPERATING REVENUES.		
Freight.....	\$17,485,068.67	
Passenger.....	1,755,919.71	
Switching.....	960,642.48	
Excess Baggage.....	15,277.72	
Special Service Train.....	7,160.89	
Mail.....	266,105.28	
Express.....	427,793.70	
Other Freight-train.....	6,173.55	
Other Passenger-train.....	5,514.31	
Incidental.....	147,633.15	
Joint Facility.....	144,429.34	\$21,221,718.80
OPERATING EXPENSES.		
Maintenance of Way and Structures.....	\$ 2,884,222.23	
Maintenance of Equipment.....	3,480,038.47	
Traffic.....	635,270.12	
Transportation—Rail Line.....	6,637,507.34	
Miscellaneous Operations.....	18,067.15	
General.....	1,044,663.77	
Transportation for Investment—Cr.....	32,272.23	14,667,496.85
Net Revenue from Operation.....		\$ 6,554,221.95
Tax Accruals.....	\$ 1,368,760.82	
Uncollectible Railway Revenues.....	9,730.26	1,378,491.08
Total Operating Income.....		\$ 5,175,730.87
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 53,283.30	
Rent from Passenger-train Cars.....	30,182.59	
Rent from Work Equipment.....	5,792.76	
Joint Facility Rent Income.....	202,533.01	
Income from Lease of Road.....	1,045.96	
Miscellaneous Rent Income.....	29,731.74	
Miscellaneous Nonoperating Physical Property.....	22,687.81	
Dividend Income.....	168,750.00	
Income from Funded Securities.....	10,428.24	
Income from Unfunded Securities and Accounts.....	96,530.18	
Miscellaneous Income.....	Cr. 1,389.24	619,576.35
Gross Income.....		\$ 5,795,307.22
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 573,505.19	
Rent for Locomotives.....	47,326.32	
Rent for Passenger-train Cars.....	80,327.89	
Rent for Work Equipment.....	1,598.24	
Joint Facility Rents.....	311,473.53	
Rent for Leased Roads.....	5,072.09	
Miscellaneous Rents.....	611.34	
Miscellaneous Tax Accruals.....	3,378.33	
Interest on Funded Debt.....	2,217,539.00	
Interest on Unfunded Debt.....	428,136.60	
Amortization of Discount on Funded Debt.....	5,185.79	
Miscellaneous Income Charges.....	28,655.03	3,702,809.35
Net Income.....		\$ 2,092,497.87
DIVIDEND APPROPRIATIONS OF INCOME.		
Dividends on Preferred Stock.....		840,000.00
Income Balance transferred to Profit and Loss.....		\$ 1,252,497.87

Combined Profit and Loss Account for the Year Ended December 31, 1925

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$14,403,373.66
Credit Balance transferred from Income.....		1,252,497.87
Profit on Road and Equipment sold.....		17.63
Unrefundable Overcharges.....		1,548.28
Donations.....		30,155.04
Miscellaneous Credits.....		19,541.73
Surplus Appropriated for Investment in Physical Property.....	\$ 30,155.04	
Debt Discount Extinguished through Surplus.....	426,354.42	
Loss on Retired Road and Equipment.....	15,748.32	
Reserves for Property Replacement.....	3,182.01	
Miscellaneous Debits.....	73,156.56	
Credit Balance carried to Balance Sheet.....	15,158,537.86	
Totals.....	\$15,707,134.21	\$15,707,134.21

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**

Combined Balance Sheet, December 31, 1925

Table No. 31

ASSETS		
INVESTMENTS.		
Investment in Road and Equipment (including Wharfage Property)	\$114,575,660.32	
Deposits in lieu of Mortgaged Property sold	484,246.67	
Miscellaneous Physical Property	1,301,777.64	
Investments in Affiliated Companies:		
Stocks	\$207,336.33	
Bonds	689,227.63	
Advances	400,423.05	1,296,987.01
Other Investments:		
Stocks	\$ 97.00	
Notes	230.27	
Miscellaneous	10,001.00	10,328.27
Total Investments.		\$117,668,999.91
SECURITIES IN COURSE OF ACQUISITION.		25,092,862.93
CURRENT ASSETS.		
Cash	\$ 1,772,910.88	
Special Deposits	1,114,656.36	
Loans and Bills receivable	2,253.40	
Traffic and Car-service Balances receivable	719,358.73	
Net Balance receivable from Agents and Conductors	252,566.76	
Miscellaneous Accounts receivable	713,243.10	
Material and Supplies	1,875,970.09	
Interest and Dividends receivable	4,776.34	
Rents receivable	1,837.10	
Other Current Assets	13,521.04	
Total Current Assets.		6,471,093.80
DEFERRED ASSETS.		
Working Fund Advances	\$ 15,670.73	
Other Deferred Assets	35,310.91	
Total Deferred Assets.		50,981.64
UNADJUSTED DEBITS.		
Rents and Insurance Premiums paid in advance	\$ 74,301.39	
Other Unadjusted Debits:		
U. S. Government—Income Guaranty	\$277,098.77	
Other accounts	749,883.19	1,026,981.96
Total Unadjusted Debits.		1,101,283.35
Grand Total.		\$150,385,221.63

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Balance Sheet, December 31, 1925

Table No. 31

LIABILITIES			
CAPITAL STOCK.			
Common Stock:			
Book Liability.....	\$30,000,000.00		
Held by or for Company.....	40,100.00	\$ 29,959,900.00	
Preferred Stock:			
Book Liability.....	\$21,000,000.00		
Held by or for Company.....		21,000,000.00	
Total Capital Stock.....			\$ 50,959,900.00
GOVERNMENTAL GRANTS.			
Grants in Aid of Construction.....			7,483.50
LONG-TERM DEBT.			
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....		\$ 30,000,000.00	
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950....		21,000,000.00	
First Mortgage 4 Per Cent. Gold Bonds of The Kansas City, Shreve- port and Gulf Terminal Company, due August 1, 1927.....	\$ 150,000.00		
Owned by Company.....	24,000.00	126,000.00	
First Mortgage 6 Per Cent. Gold Bonds, Series A and B, of Port Arthur Canal and Dock Company, due February 1, 1953.....		2,500,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....		636,000.00	
Equipment Trust Series "E", 5½ Per Cent. Gold Certificates.....		1,404,000.00	
Purchase Money Obligations secured by Bonds.....		15,236.00	
Total Long-term Debt.....			55,681,236.00
LIABILITIES AND COMMITMENTS IN CONNECTION WITH SECURITIES IN COURSE OF ACQUISITION			
			19,337,510.39
CURRENT LIABILITIES.			
Traffic and Car-Service Balances payable.....		\$ 735,837.85	
Audited Accounts and Wages payable.....		1,962,301.66	
Miscellaneous Accounts payable.....		61,205.06	
Interest Matured unpaid.....		560,808.50	
Dividends Matured unpaid.....		10,810.00	
Unmatured Dividends declared.....		210,000.00	
Unmatured Interest accrued.....		332,830.00	
Unmatured Rents accrued.....		18,813.79	
Other Current Liabilities.....		123,320.33	
Total Current Liabilities.....			4,015,927.19
DEFERRED LIABILITIES.			
Other Deferred Liabilities.....			621,897.76
UNADJUSTED CREDITS.			
Tax Liability.....		\$ 1,423,995.20	
Accrued Depreciation.....		1,956,890.45	
Other Unadjusted Credits.....		569,992.99	
Total Unadjusted Credits.....			3,950,878.64
CORPORATE SURPLUS.			
Additions to Property through Income and Surplus.....		\$ 434,810.69	
Appropriated Surplus not specifically invested.....		217,039.60	
Profit and Loss credit balance.....		15,158,537.86	
Total Corporate Surplus.....			15,810,388.15
Grand Total.....			\$150,385,221.63

In the above statement all intercompany accounts are eliminated, so that the Combined Balance Sheet shows the Liabilities to the public and the Assets available against the same.

This Balance Sheet includes \$277,098.77 accrued as due from the Government under Section 209 of the Transportation Act in excess of amount paid by the Government. Application for authority to charge this amount to Profit and Loss is pending before the Interstate Commerce Commission.

Expression has not been given in the above Balance Sheet to the authorization of \$15,000,000.00 face amount of First Mortgage 5½ Per Cent. Guaranteed Gold Bonds of the Texarkana and Fort Smith Railway Company, dated August 1, 1925, of which \$10,000,000.00 bonds were issued and sold in March, 1926.

We have examined the books and accounts of The Kansas City Southern Railway Company and its Subsidiary Companies for the year ended December 31, 1925, and we certify that the above Combined Balance Sheet is properly drawn up therefrom and in our opinion correctly sets forth the financial position of the Companies at that date.

231 SOUTH LA SALLE STREET,
CHICAGO, April 8, 1926.

PRICE, WATERHOUSE & CO.

APPENDIX

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Revenues, Etc., Accrued Prior to March 1, 1920, and Credited by the
Railway Companies to the United States Railroad Administration

RAILWAY OPERATING REVENUES.	
TRANSPORTATION—RAIL LINE:	
Freight	\$3,606.66
Total Revenues Prior to March 1, 1920	\$3,606.66

Statement of Expenses, Etc., Accrued Prior to March 1, 1920, and Charged by the
Railway Companies to the United States Railroad Administration

RAILWAY OPERATING EXPENSES.	
TRANSPORTATION—RAIL LINE	Cr. \$ 198.35
RAILWAY TAX ACCRUALS	Cr. 944.27
Total Expenses Prior to March 1, 1920	Cr. \$1,142.62

Pandick Press



22 THAMES STREET
NEW YORK



1926

TWENTY-SEVENTH ANNUAL REPORT

OF

THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1926

TWENTY-SEVENTH ANNUAL REPORT

OF

**THE KANSAS CITY SOUTHERN
RAILWAY COMPANY**

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 1926

CORPORATE ORGANIZATION

DIRECTORS

L. F. LOREE, Chairman of the Board, New York.			
JAMES A. BLAIR,	New York.	MASON B. STARRING,	New York.
PIERPONT V. DAVIS,	New York.	JOSEPH F. STILLMAN,	New York.
HARRY B. LAKE,	New York.	W. G. STREET,	New York.
WILLIAM C. LOREE,	New York.	ARTHUR TURNBULL,	New York.
SAMUEL MCROBERTS,	New York.	J. A. EDSON,	Kansas City, Mo.
ANDREW J. MILLER,	New York.	GEO. M. MYERS,	Kansas City, Mo.
WALTER T. ROSEN,	New York.	EDWARD F. SWINNEY,	Kansas City, Mo.

EXECUTIVE COMMITTEE

L. F. LOREE, Chairman,		
JAMES A. BLAIR,		WALTER T. ROSEN,
ANDREW J. MILLER,		ARTHUR TURNBULL.

OFFICERS

J. A. EDSON,	President.....	Kansas City, Mo.
A. M. CALHOUN,	Vice-President and Assistant to the President.....	Kansas City, Mo.
G. B. WOOD,	Assistant to the President.....	Kansas City, Mo.
HAL GAYLORD,	Assistant to the President.....	Kansas City, Mo.
G. P. WILLIAMS,	Assistant to the President.....	Beaumont, Tex.
J. F. HOLDEN,	Vice-President in Charge of Traffic.....	Kansas City, Mo.
H. A. WEAVER,	General Freight Agent.....	Kansas City, Mo.
S. G. WARNER,	General Passenger and Ticket Agent.....	Kansas City, Mo.
G. C. HAND,	Vice-President and Secretary.....	New York.
G. W. MULLER,	Assistant Secretary and Transfer Agent.....	New York.
B. B. SANFORD,	Assistant Secretary.....	New York.
L. J. HENSLEY,	Comptroller and Assistant Secretary.....	Kansas City, Mo.
I. C. MCGEE,	Treasurer.....	Kansas City, Mo.
J. M. SALTER,	Assistant Treasurer.....	Kansas City, Mo.
J. J. WEISS,	Assistant Treasurer.....	New York.
SAMUEL UNTERMYER,	Counsel.....	New York.
S. W. MOORE,	General Counsel.....	New York.
F. H. MOORE,	General Solicitor.....	Kansas City, Mo.
A. F. SMITH,	Assistant General Solicitor.....	Kansas City, Mo.
W. E. DAVIS,	Commerce Counsel.....	Kansas City, Mo.
C. E. JOHNSTON,	Vice-President and General Manager.....	Kansas City, Mo.
E. H. HOLDEN,	General Superintendent of Transportation.....	Kansas City, Mo.
F. H. HOOPER,	Superintendent of Car Service.....	Kansas City, Mo.
O. CORNELISEN,	Superintendent, Northern Division.....	Pittsburg, Kas.
W. N. DERAMUS,	Superintendent, Southern Division.....	Texarkana, Tex.
A. N. REECE,	Chief Engineer.....	Kansas City, Mo.
M. A. HALL,	Superintendent of Machinery.....	Pittsburg, Kas.
J. M. PRICKETT,	Superintendent of Personnel.....	Kansas City, Mo.
B. B. BRAIN,	Purchasing Agent.....	Kansas City, Mo.

Stocks are transferred and Bonds registered or transferred at the New York Office.

NEW YORK OFFICE, 25 Broad Street.

GENERAL OFFICES, Kansas City, Mo.

KANSAS CITY, Mo., MAY 16, 1927.

To the Stockholders of

THE KANSAS CITY SOUTHERN RAILWAY COMPANY:

The twenty-seventh annual report of the affairs of your Company, being for the year ended December 31, 1926, is herewith presented.

SUMMARY OF OPERATIONS.

That portion of the system lying within the State of Texas, the mileage of which is included in the operated mileage of your Company, is operated separately by its owner, the Texarkana and Fort Smith Railway Company, which maintains its own general offices and books of account at Texarkana, Texas, in accordance with the State law. The reports of that company are, however, combined with those of the parent Company in so far as necessary to enable a comprehensive survey of operations for the entire line from Kansas City to the Gulf.

The succeeding statement shows the results of operation for the year, compared with such results for the preceding year:

	1926		1925		INCREASE	DECREASE
AVERAGE MILEAGE OPERATED.....	865.10		865.10			
RAILWAY OPERATING REVENUES.						
Freight.....	\$18,196,796.20	83.01%	\$17,439,572.02	82.40%	\$757,224.18	
Passenger.....	1,615,558.55	7.37	1,749,398.82	8.27		\$133,840.27
Excess Baggage.....	13,726.49	.06	15,206.47	.07		1,479.98
Mail.....	294,420.57	1.34	263,891.90	1.25	30,528.67	
Express.....	463,456.58	2.11	426,260.54	2.01	37,196.04	
Other Passenger-train.....	4,464.09	.02	5,412.38	.03		948.29
Switching.....	1,044,371.88	4.77	960,642.48	4.54	83,729.40	
Special Service Train.....	5,473.72	.03	7,160.89	.03		1,687.17
Other Freight-train.....	5,043.80	.02	6,150.51	.03		1,106.71
Incidental and Joint Facility.....	278,634.74	1.27	291,459.14	1.37		12,824.40
Total.....	\$21,921,946.62	100.00%	\$21,165,155.15	100.00%	\$756,791.47	
RAILWAY OPERATING EXPENSES.						
Maintenance of Way and Structures..	\$ 2,506,164.72	11.43%	\$ 2,843,099.57	13.43%		\$336,934.85
Maintenance of Equipment.....	3,523,779.93	16.07	3,473,566.90	16.41	\$ 50,213.03	
Traffic.....	687,869.83	3.14	634,670.85	3.00	53,198.98	
Transportation.....	6,766,974.18	30.87	6,607,756.97	31.22	159,217.21	
Miscellaneous Operations.....	18,719.46	.09	18,067.15	.08	652.31	
General.....	1,076,033.60	4.91	1,040,908.69	4.92	35,124.91	
Transportation for Investment—Cr...	30,883.31	.14	32,266.62	.15		1,383.31
Total.....	\$14,548,658.41	66.37%	\$14,585,803.51	68.91%	\$ 37,145.10	
NET REVENUE FROM RAILWAY OPERATIONS.....	\$ 7,373,288.21	33.63%	\$ 6,579,351.64	31.09%	\$793,936.57	
RAILWAY TAX ACCRUALS.....	\$ 1,437,017.37	6.55%	\$ 1,350,567.66	6.39%	\$ 86,449.71	
UNCOLLECTIBLE RAILWAY REVENUES...	6,683.36	.03	9,713.48	.04		\$ 3,030.12
RAILWAY OPERATING INCOME.....	\$ 5,929,587.48	27.05%	\$ 5,219,070.50	24.66%	\$710,516.98	
EQUIPMENT RENTS—Net debit.....	\$ 835,521.78		\$ 587,316.65		\$248,205.13	
JOINT FACILITY RENTS—Net debit.....	90,222.30		138,327.68			\$ 48,105.38
NET RAILWAY OPERATING INCOME.....	\$ 5,003,843.40		\$ 4,493,426.17		\$510,417.23	
RATIO OF OPERATING EXPENSES AND TAXES TO OPERATING REVENUES...		72.92%		75.30%		2.38%

OPERATING REVENUES.

The increase of \$756,791.47 in Operating Revenues resulted from the following causes:

OPERATING REVENUES.

Freight Revenue:

Increases due to the greater movement of

Corn to Louisiana and Texas, caused by a shortage of the local crop in the previous year.....	\$138,981.93	
Bituminous coal from the Missouri-Kansas fields	80,475.03	
Ores and concentrates.....	57,873.47	
Crude petroleum to refineries in the Port Arthur, Tex., district.....	354,915.53	
Refined petroleum and its products.....	431,639.86	
Logs, poles, posts and piling from Arkansas and Louisiana.....	152,320.39	
Iron and steel pipe, structural iron, castings, machinery and boilers to oil fields in Oklahoma and Texas.....	274,843.50	
Automobiles and trucks.....	50,271.36	
Miscellaneous traffic.....	134,743.85	

Decreases due to the lesser movement of

Wheat from northern producing points through Kansas City to Gulf ports, caused by an abnormal crop in Oklahoma and Texas and exportations from those States through Galveston and Houston on favorable water rates.....	73,630.36	
Oats from northern producing territory, consequent upon the large crop in Oklahoma and Texas.....	187,307.30	
Asphalt from the Port Arthur, Tex., district.....	183,263.68	
Sulphur from Sulphur Mine, La., caused by the exhaustion of deposits.....	113,988.09	
Ties from producing territory adjacent to the lines of your Company and its connections, caused by curtailed purchases by other railroads.....	73,698.21	
Pine lumber on account of the depletion of forests along the rails of your Company.....	286,953.10	\$757,224.18

Passenger Revenue:

Decreases due to less

Local traffic on account of the construction of new highways and the use of motor vehicles.....	\$120,520.61	
Interline traffic.....	13,319.66	133,840.27

Mail Revenue:

Increase due to the greater amount of space used by the United States Post Office Department..	30,528.67
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Express Revenue:

Increase due to the movement of more fresh fruits and vegetables and to more inter-road express business.....	37,196.04
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Switching Revenue:

Increases due to

Higher rates at Kansas City, Mo.-Kas., authorized by the Interstate Commerce Commission, effective May 24, 1925	\$ 34,742.30	
Greater number of cars handled at:		
Kansas City, Mo.....	12,024.61	
Shreveport, La.....	25,569.05	
Other stations.....	11,393.44	83,729.40

Other Revenues:

Miscellaneous decreases.....	5,222.15
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Incidental and Joint Facility:

Miscellaneous decreases.....	12,824.40
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Net increase in Operating Revenues.....	<u>\$756,791.47</u>
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OPERATING EXPENSES.

The decrease of \$37,145.10 in Operating Expenses resulted from the following causes:

OPERATING EXPENSES.

Maintenance of Way and Structures:

Decreases on account of

Supervision.....	\$ 8,789.73	
Renewal of cross ties, reflecting savings from the use of treated ties.....	22,773.59	
Ballast used in replacement.....	117,379.67	
Track labor.....	158,290.04	
Tie plates and other track material applied.....	31,187.69	
Dredging slips at Port Arthur, Tex.....	10,358.04	
Casualties.....	20,956.11	
Charges in 1925 incident to the retirement of the Island track trestle at Port Arthur, Tex.....	16,383.00	
Miscellaneous items (Net).....	2,758.41	
Increases on account of		
Smaller amount chargeable to other companies for maintaining joint tracks..	26,575.37	
Repairs to station buildings.....	14,820.49	
Improvements to shop facilities.....	10,545.57	\$336,934.85

Maintenance of Equipment:

Decreases on account of

Heavy expenditures in 1925 in connection with replacements of shop machinery	\$ 21,733.72	
Retirements of locomotives.....	54,314.84	
Retirements of freight-train cars.....	10,476.09	
Increases on account of		
Supervision.....	18,081.20	
Running repairs to locomotives.....	37,250.25	
Heavy repairs to freight-train cars.....	61,125.66	
Heavy repairs to passenger-train cars.....	8,842.13	
Miscellaneous items (Net).....	11,438.44	50,213.03

Traffic:

Increases on account of

Supervision.....	\$ 14,022.41	
Solicitation forces.....	22,314.59	
Advertising and stationery and printing.....	7,947.66	
Development of horticulture along your line.....	7,383.32	
Miscellaneous items (Net).....	1,031.00	53,198.98

Transportation:

Decreases on account of

Warehouse labor at stations and docks.....	\$ 41,322.90	
Casualties	15,759.56	
Increases on account of		
Supervision.....	10,524.05	
Locomotive, yard and train service, caused by heavier traffic.....	55,570.92	
Consumption of fuel.....	\$46,925.15	
Price of fuel.....	94,356.85	141,282.00
Miscellaneous items (Net).....	8,922.70	159,217.21

Miscellaneous Operations:

Miscellaneous increases (Net).....	652.31	
Carried Forward.....	\$ 73,653.32	

Brought Forward.....		\$ 73,653.32
General:		
Decrease on account of expenditures in 1925 for the reappraisal of lands owned or controlled	\$ 23,468.91	
Increases on account of		
Publicity by advertisement.....	12,280.19	
Expenditures in connection with the consolidation of railroads.....	13,709.92	
Law expenses.....	16,523.95	
Miscellaneous items (Net).....	16,079.76	35,124.91
Transportation for Investment—Cr.		
Increase due to the smaller quantity of materials for construction purposes conveyed in revenue trains.....		1,383.31
Net decrease in Operating Expenses.....		<u>\$ 37,145.10</u>

TAXES.

Following is a statement of charges on account of taxes, compared with the preceding year:

	1926	1925	Increase
State, county and municipal taxes.....	\$1,095,542.29	\$1,049,639.35	\$45,902.94
Federal income taxes.....	334,223.08	286,181.81	48,041.27
Federal capital stock tax.....	7,252.00	14,746.50	7,494.50
Totals	<u>\$1,437,017.37</u>	<u>\$1,350,567.66</u>	<u>\$86,449.71</u>

The increase in State, county and municipal taxes is due to higher assessed valuations in the States of Missouri and Kansas, and enhanced rates of assessment in the State of Louisiana. As against such increases, the assessed valuation in the State of Arkansas declined, and there were slight recessions in the rates of assessment in the States of Oklahoma and Texas.

The increase in Federal income taxes is due to the adjustment of reserves to provide for possible additional assessments on account of prior years.

The decrease in the Federal capital stock tax results from the repeal of the tax, effective June 30, 1926.

REVENUE TONNAGE.

The revenue tonnage movement for the year, as compared with that of the year preceding, was as follows:

For the year ended December 31, 1926.		
Revenue Tons one mile—North.....	843,495,094	
Revenue Tons one mile—South.....	890,167,889	1,733,662,983
For the year ended December 31, 1925.		
Revenue Tons one mile—North.....	824,770,170	
Revenue Tons one mile—South.....	767,540,773	1,592,310,943
Increase in Revenue Tons one mile.....		<u>141,352,040</u>

WAGE ADJUSTMENTS.

On December 1, 1926, an increase of approximately 2.4 per cent. was granted in the rates of pay to members of the Shop Crafts Associations. It is estimated that this increase will aggregate \$40,800.00 per annum.

COST OF SUPPLIES.

The prices of supplies consumed in operation and of materials used in construction and maintenance, fluctuated between somewhat narrow limits. In some instances there were increases, while in others there were recessions. The price of fuel oil sustained an advance of 9.67 per cent., and that of coal declined 8.66 per cent. The appended exhibit shows the approximate average changes in the costs of principal materials in comparison with the preceding year:

DESCRIPTION OF MATERIAL.

MAINTENANCE OF WAY AND STRUCTURES:	Decrease
Angle Bars.....	....
Anti-Creepers—Rail.....	8.8%
Bolts—Treated Track.....	....
Cross Ties.....	3.4*
Frogs, Crossings and Switch Material.....	....
Hand Cars.....	7.6
Lumber—White Oak.....	1.7*
Lumber—Yellow Pine.....	6.4*
Paint—Bridge and Metal.....	....
Paint—Depot and Building.....	....
Push Cars.....	7.6
Rail—Standard Open Hearth.....	....
Roofing—Texaco.....	....
Shingles—Cypress.....	....
Shovels—Track.....	....
Spikes—Track.....	2.7*
Tie Plates.....	6.8*
Tools—Roadway.....	2.9*
Wire—Barbed.....	1.9*
<hr/>	
MAINTENANCE OF EQUIPMENT:	
Air Brake Hose.....	8.4%*
Air Brake Material.....	....
Asbestos and Magnesia Material.....	7.1
Axles—Engine.....	3.2
Babbitt.....	2.2
Belting—Leather.....	1.1*
Bolts—Machine.....	3.4
Brake Beams—Metal, Freight.....	....
Brick—Fire.....	9.8
Brooms.....	2.1*
Brushes.....	11.1
Car and Locomotive Replacers.....	12.2
Castings—Grey Iron.....	....
Castings—Malleable Iron.....	11.0
Castings—Steel.....	.5
Copper—Sheet.....	1.7
Copper Ferrules.....	1.7
Couplers.....	.5
Flues.....	2.1*
Iron—Merchants Bar.....	1.0
Iron—Staybolt.....	....
Journal Boxes.....	1.1
Lumber—White Oak.....	1.2
Lumber—Yellow Pine.....	6.3*
Nails—Common Wire.....	2.2
Nuts—Hot Pressed.....	5.9
Paint—Freight Car.....	7.0
Pipe—Merchants Black Steel.....	....

Rivets.....	1.8*
Roofing—Galvanized Car.....	4.3
Springs—Elliptical.....	....
Springs—Helical.....	....
Steel—Fire Box Sheet.....	1.5
Steel—Tank Sheet.....	1.5
Tires—Locomotive Driving.....	....
Tools—Shop.....	9.2
Upholstering Material.....	6.2
Waste—Cotton, Colored, No. 1.....	15.7*
Wheels—Cast.....	....
(*) Increase.	

CONDITION OF EQUIPMENT.

The programme for the rehabilitation of equipment was carried forward. During the year 1,114 freight cars were put into good condition, while 26 freight cars were dismantled and their value was written out of the property account.

MILES OF RAILROAD.

The track mileage operated by your Company at the end of the year was as below stated:

	First Main Track	Second Main Track	Other Tracks	All Tracks
Main Line Owned or Controlled.....	777.01	15.18	464.26	1,256.45
Branch Lines Owned or Controlled.....	64.16	....	22.90	87.06
Total Mileage Owned or Controlled.....	841.17	15.18	487.16	1,343.51
Branch Lines Operated under Lease.....	5.94	....	....	5.94
Lines Operated under Trackage Rights.....	17.99	5.11	16.17	39.27
Total Mileage Operated.....	865.10	20.29	503.33	1,388.72

The total track mileage of the system was increased from 1,383.27 to 1,394.04, making a net change of 10.77 miles, which consists of the following items:

ADDITIONS.

Yard, Terminal, Industrial and Side Tracks owned (including the main line of the Poteau Valley R. R., 6.67 miles, taken over as an industrial track).....	10.85 miles
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DEDUCTIONS.

Lines operated under trackage rights.....	.08 "
Net Increase.....	10.77 miles

EQUIPMENT.

The Rolling Equipment owned or otherwise controlled on December 31, 1926, consisted of:

	Owned	Under Trust	Total
Locomotives.....	153	13	166
Passenger-train Cars.....	81	....	81
Freight-train Cars in Commercial Service.....	3,433	796	4,229
Freight-train Cars in Work Service.....	533	....	533
Cabooses.....	74	....	74
Work Equipment.....	48	....	48
Total Units.....	4,322	809	5,131

In addition to this railroad property, its rights of way, real estate, buildings, equipment and appurtenances, the Company controls, by virtue of its ownership of securities, all the property of the following corporations, viz.:

THE ARKANSAS WESTERN RAILWAY COMPANY.

A standard-gauge line from Heavener, Oklahoma, to Waldron, Arkansas, 32.33 miles, together with rights of way, buildings and appurtenances; controlled by your Company through ownership of all the capital stock and bonds.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY.

Union depot property at Shreveport, Louisiana, including its real estate, buildings, and 1.58 mile of yard and terminal track; controlled by your Company through ownership of all the capital stock and \$24,000.00 face amount of bonds.

PORT ARTHUR CANAL AND DOCK COMPANY.

Lands, slips, docks, wharves, warehouses, one grain elevator (capacity 500,000 bushels), etc., all at Port Arthur, Texas; controlled by your Company through ownership of all the capital stock.

Under an agreement entered into as of February 1, 1923, all the property of the Port Arthur Canal and Dock Company is leased to the Texarkana and Fort Smith Railway Company, and operated by the Railway Company pursuant to the terms of the lease.

THE K. C. S. ELEVATOR COMPANY.

One grain elevator, of capacity 1,070,000 bushels, situated at Kansas City, Missouri; controlled by your Company through ownership of all the capital stock. No bonds have been issued or authorized.

THE KANSAS AND MISSOURI RAILWAY AND TERMINAL COMPANY.

A company operating a switching line in and through Kansas City, Kansas, which connects with the present terminal tracks of your Company and forms an intermediate connection between your line and a substantial interurban line serving an industrial territory from Kansas City, Kansas, to Lawrence, Kansas, a distance of about 35 miles. Its property, the construction of which was completed on June 30, 1924, consists of 5.56 miles of main track and 4.73 miles of yard and side tracks. Control is had by your Company through ownership of all the capital stock and bonds.

THE UNION LAND COMPANY.

A company owning 126.09 acres of land in and adjacent to Kansas City, Kansas, and North Kansas City, Missouri, suitable for industrial sites. All the capital stock is owned by The Kansas and Missouri Railway and Terminal Company, and control of the Land Company is had by your Company through its ownership of the Terminal Company.

PURCHASE OF PROPERTY OF THE POTEAU VALLEY RAILROAD COMPANY.

This property, consisting of a standard-gauge line from Shady Point, Oklahoma, to Calhoun, Oklahoma, 6.67 miles, together with rights of way, buildings and appurtenances, formerly controlled by your Company through ownership of all the capital stock, was purchased under an agreement dated April 19, 1926, and was deeded to your Company on June 26. Direct operation of the property, as an industrial track, was commenced by your Company on April 23.

ADDITIONS AND BETTERMENTS.

Net expenditures were made for Additions and Betterments to road and equipment in the amounts following:

For Road.....	\$805,773.27	
For Equipment.....	<i>Cr. 5,116.65</i>	<u>\$800,656.62</u>

A classified schedule of such expenditures is presented in the statistical section of this report.

The bridges, trestles and culverts of your road were improved by increasing the length of steel bridges from 23,886 feet to 24,075 feet; increasing the length of concrete bridges from 252 feet to 372 feet; decreasing the length of wood trestles from 62,195 feet to 58,844 feet; increasing the number of concrete pipe culverts from 227 to 232; and decreasing the number of cast iron pipe culverts from 610 to 609. A table showing the progressive improvements made in bridges and culverts from June 30, 1900, to December 31, 1926, appears in the statistical section.

The ballasting was reinforced in various locations at a cost of \$18,493.10. The condition of your main line with respect to ballast at the end of the year is shown by the succeeding tabulation:

Section of 6 inches or more under ties.....	773.11 miles
Section of less than 6 inches under ties.....	3.90 "
Total main line mileage owned.....	<u>777.01 miles</u>

New 100-pound rail was laid in your main line between Mile Posts 248 and 286 in substitution for 85-pound steel, 37.71 miles. The weights of rail in the main line at the end of the year, including adjustments and corrections of measurements, are as shown by the tabulation below:

Rail weighing 100 pounds per yard.....	74.68 miles
Rail weighing 85 pounds per yard.....	688.41 "
Rail weighing 80 pounds per yard.....	12.81 "
Rail weighing less than 80 pounds per yard.....	1.11 "
Total main line mileage owned.....	<u>777.01 miles</u>

Work was continued upon the schedule for the reinforcement of track through the application of tie plates, with a view to stability, permanence and economy of maintenance. The expenditure for this purpose was \$62,925.95.

Expenditures have been made for new station buildings, required by public authority or made necessary by the demands of traffic, as follows:

Gentry, Ark.....	\$19,795.03
DeRidder, La.....	14,067.69
Mansfield, La.....	17,380.07
Port Neches, Tex.....	2,635.85
Total.....	<u>\$53,878.64</u>

Other principal items of additions to and betterments of your property, together with the amounts expended therefor, are as follows:

	Prior to 1926	1926	Total
Shop improvements at East Kansas City, Mo.			
New machinery and tools.....	\$ 9,589.35	\$ 2,729.24	\$ 12,318.59
Shop improvements at Pittsburg, Kas.			
New machinery and tools.....	251,579.13	11,683.78	263,262.91
Shop improvements at Heavener, Okla.			
New shop and power plant machinery.....	2,876.12	15,545.37	18,421.49
Extension to enginehouse.....	.....	51,022.49	51,022.49
Twin span deck 105-foot turntable, electric tractor and dead engine hauler.....	.....	31,557.26	31,557.26
Shop improvements at Shreveport, La.			
New machinery and tools.....	69,561.86	3,050.53	72,612.39
Extension to storehouse.....	24,223.70	1,209.82	25,433.52
Emergency hospital.....	.....	3,735.41	3,735.41
Tool room and foreman's office.....	.....	4,744.46	4,744.46
Rail sawing plant.....	.....	4,045.32	4,045.32
Additional tracks in shop yards.....	.....	26,112.11	26,112.11
Shop improvements at Leesville, La.			
Extension to enginehouse.....	13,889.90	5,265.51	19,155.41
Twin span deck 105-foot turntable and tractor.....	7,498.75	29,108.51	36,607.26
New machinery and tools.....	826.31	968.53	1,794.84
Shop improvements at Port Arthur, Tex.			
New machinery and tools.....	977.68	1,204.83	2,182.51
New or improved fuel oil stations.			
Heavener, Okla.....	.....	4,138.39	4,138.39
Construction of Henning and Gilbert track along the Sabine-Neches Canal near Port Neches and Port Arthur, Tex.....	216,581.00	5,117.02	221,698.02
Construction of 7,488-foot main spur to Douglas Island industrial district, two 1,200-foot interchange tracks, a 4,041-foot industry spur, and grading and culverts for a 2,713-foot spur, at Shreveport, La.....	112,776.64	18,539.00	131,315.64
Reconstruction of Bridge A-556 with three 74½-foot single track deck plate girder spans on double track concrete piers and abutments. (Expenditures for the year 1926 and the total include \$99,361.15, the value of property donated by the City of Shreveport, La.).....	17,836.25	100,403.81	118,240.06
Construction of a new transportation yard at Shreveport, La., including 66,590 feet of additional yard tracks, 3,910 feet of tracks to roundhouse, raising 1.55 mile of main track, 125-ton scale and house, 20,000-gallon wooden tank and water column, an air line and an electric lighting system connecting with mechanical yard.....	442,912.25	9,373.79	452,286.04
Relaying 85-pound rail with new 100-pound rail in main track and 23 turnouts, mile 248.0 to mile 285.5.....	.....	83,453.88	83,453.88
Construction of a 2,850-foot track from the head block in the Kansas City Northwestern to the Union Pacific right of way, Kansas City, Kas.....	.....	8,951.16	8,951.16
Separate and raise grade, and construct double track main line from Harriet Street to the Texas and Pacific crossing south of Cedar Grove, La.....	.....	113,988.98	113,988.98
Construction of a pumping station at Cross Lake, and laying 9,100 feet of 8-inch pipe line to the shops, Shreveport, La.....	.....	23,284.63	23,284.63
Carried Forward.....	<u>\$1,171,128.94</u>	<u>\$559,233.83</u>	<u>\$1,730,362.77</u>

Brought Forward.....	\$1,171,128.94	\$559,233.83	\$1,730,362.77
Construction of 4,408 feet of new track, including paving and drainage in Commerce Street, Shreveport, La.....		14,343.26	14,343.26
Installation of a 50-foot track scale of 150 tons capacity, Leesville, La.....		8,600.44	8,600.44
Construction of a 2,255-foot track and 2 spurs to serve the furniture district, Fort Smith, Ark.....		18,011.51	18,011.51
Paving a 9-foot strip along 5,230 feet of track and 2 turnouts in Railroad Avenue, Beaumont, Tex.....		11,587.17	11,587.17
Totals.....	<u>\$1,171,128.94</u>	<u>\$611,776.21</u>	<u>\$1,782,905.15</u>

The expenditures for additions and betterments include the cost of a number of new sidings to serve industries not heretofore reached by your tracks and to accommodate new industries in process of establishment.

The following is a list of such industry tracks, some of which have been completed, and others are in the course of construction:

NEW TRACKS TO SERVE NEW INDUSTRIES.

COMPLETED:

Orville Harris.....	Kansas City, Kas.
Bittman-Todd Grocery Co.....	Kansas City, Kas.
Beggs & Gault Coal Co.....	Kansas City, Kas.
Grandview Club Transfer & Storage Co.....	Kansas City, Kas.
J. F. Butler.....	Kansas City, Mo.
Sheridan Coal Co.....	Mulberry, Kas.
Elm Branch Coal Co.....	Mulberry, Kas.
Peerless Coal Co.....	Mile 122.
Arkholo Sand & Gravel Co.....	Fort Smith, Ark.
Porter Mirror & Glass Co.....	Fort Smith, Ark.
Border Queen Furniture Co.....	Fort Smith, Ark.
Mitchell & Mitchell Furniture Co. No. 1.....	Fort Smith, Ark.
Mitchell & Mitchell Furniture Co. No. 2.....	Fort Smith, Ark.
Meyer & Greenwald Construction Co.....	Whatley, Tex.
Pan American Petroleum Co.....	Vivian, La.
Caddo Parish.....	Blanchard, La.
Tri-State Fertilizer Co.....	Shreveport, La.
American Body Co.....	Shreveport, La.
Paramount Ink Products Co.....	Shreveport, La.
Pelican Swing Co.....	Shreveport, La.
Shreveport Chemical Co.....	Shreveport, La.
Echo Thermo Stove Co.....	Shreveport, La.
L. H. Gilmer Co. (Cotton Mill).....	Shreveport, La.
Shreveport Iron & Metal Co.....	Shreveport, La.
W. W. Gary Lumber Co.....	Cedar Grove, La.
Price-Booker Manufacturing Co.....	Singer, La.
Kelly-Weber Co.....	West Lake, La.

NEW TRACKS TO SERVE EXISTING INDUSTRIES.

COMPLETED:

Cooke & Little Coal & Cement Co.....	Kansas City, Kas.
Frank Purcell Walnut Lumber Co.....	Kansas City, Kas.
American Radiator Co.....	Kansas City, Mo.
Black, Sivalls & Bryson, Inc.....	Kansas City, Mo.
American Asphalt Roof Corporation.....	Kansas City, Mo.
Simplex Manufacturing Co.....	Leeds, Mo.

Kansas City Quarries Co.....	Leeds, Mo.
Blue Jay Coal & Mining Co.....	Worland, Mo.
LeFlore Coal Co.....	Mile 324.
McGuire & Cavender.....	Whatley, Tex.
Louisiana Oil Refining Corporation.....	Gas Center, La.
W. W. Gary Lumber Co.....	Cedar Grove, La.

UNCOMPLETED:

Kalmbach-Burkett Co.....	Shreveport, La.
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In addition to the foregoing, these new industries have located on existing tracks of the Company:

Standard Oil Co.....	Kansas City, Kas.
Midwest Oil Co.....	Kansas City, Kas.
Baum Packing Co.....	Kansas City, Kas.
Johnson Printing Ink Co.....	Kansas City, Kas.
Pittsburg Pottery Co.....	Kansas City, Mo.
Kansas City Syrup & Preserving Co.....	Kansas City, Mo.
Sleek Warwick Paper Co.....	Kansas City, Mo.
Peck Thompson Sand Co.....	Kansas City, Mo.
Alliance Rubber Products Co.....	Kansas City, Mo.
R. Barnhardt (Planing Mill).....	Independence, Mo.
H. H. Carrothers (Contractor).....	Leeds, Mo.
Fort Scott Oil Co.....	Hume, Mo.
Ozark Oil Co.....	Neosho, Mo.
Glen Allen (Bulk Oil Station).....	Sulphur Springs, Ark.
E. H. Locher (Contractor).....	Siloam Springs, Ark.
Barnsdall Refining Co.....	Siloam Springs, Ark.
C. P. Carrington (Bulk Oil Station).....	Westville, Okla.
Continental Oil Co.....	Stilwell, Okla.
Peoples Compress Co.....	Fort Smith, Ark.
Continental Oil Co.....	Poteau, Okla.
Standard Coal Mining Co.....	Heavener, Okla.
Duncan Lumber Co.....	Mena, Ark.
Johnson Canning Co.....	Wickes, Ark.
W. R. Rogers Heading Co.....	Wickes, Ark.
Kline Baking Co.....	Texarkana, Tex.
Thomas-Ogilvie Hardware Co.....	Shreveport, La.
Baker, Lawhon & Ford, Inc.....	Shreveport, La.
Pan American Petroleum Co.....	Many, La.
W. B. Bradshaw (Piling).....	Anacoco, La.
Pan American Petroleum Co.....	Leesville, La.
Price-Booker Manufacturing Co.....	Leesville, La.
Fertitta Brothers.....	Leesville, La.
Barber Lumber Manufacturing Co.....	Lemonville, Tex.
Riggs Furniture Co.....	Beaumont, Tex.
Standard Brass & Manufacturing Co.....	Port Arthur, Tex.

The following new industries, included in the above list, are worthy of special mention:

PORTER MIRROR & GLASS COMPANY, FORT SMITH, ARKANSAS.
 BORDER QUEEN FURNITURE COMPANY, FORT SMITH, ARKANSAS.
 MITCHELL & MITCHELL FURNITURE COMPANY, FORT SMITH, ARKANSAS.

Fort Smith is an important furniture manufacturing center. While some of the factories located there have been reached by your rails, others including the foregoing were reached only indirectly over the rails of other carriers. During the year tracks were completed to serve the plants of these three companies directly.

Improvements to existing equipment, made at a cost of \$74,926.11, consisted mainly in the following:

Locomotives—Application of Walschaert valve gears, cross compound air pumps, arch tubes and brick arches, water columns, steel tender frames and trucks, improved driving box brasses, and thermic syphons.

Freight-train Cars—Application of metal draft arms, spring type draft gears, metal carlins, Mogul end reinforcements, heavier side stakes and sill straps, heavier center sills, improved triple valves and additional stake pockets.

Passenger-train Cars—Application of steel underframes, steel trucks and axle-driven electric lighting equipment.

Work Cars—Application of portable electric lighting equipment to relief outfits; and steel underframes, trucks and improved brakes to business cars.

FIRST MORTGAGE BONDS OF TEXARKANA AND FORT SMITH RAILWAY COMPANY.

The Texarkana and Fort Smith Railway Company issued and sold during the year \$10,000,000.00 face amount of First Mortgage 5½ Per Cent. Guaranteed Gold Bonds, Series A, authorized by the stockholders of that company November 16, 1925. Payment both of principal and interest is guaranteed by your Company. The proceeds were applied as below stated:

Discount.....	\$ 250,000.00	
Redemption of First Mortgage Bonds, dated April 1, 1893, and due April 1, 1923	5,591,000.00	
Reimbursement of the Kansas City Southern for improvements made to the line of the Texarkana and Fort Smith in the State of Arkansas.....	2,678,209.42	
Reimbursement of surplus for additions and betterments defrayed from current funds in prior years.....	1,480,790.58	<u>\$10,000,000.00</u>

The status at the end of the year was as follows:

Total authorized issue.....	\$15,000,000.00
Issued and sold.....	<u>10,000,000.00</u>
Unissued December 31, 1926.....	<u>\$ 5,000,000.00</u>

EQUIPMENT TRUSTS.

The aggregate face amount of Equipment Trust Notes and Certificates outstanding December 31, 1926, was as below set forth:

Trust No. 34, dated January 15, 1920.			
Balance last reported.....	\$ 636,000.00		
Paid during the year.....	63,600.00	\$ 572,400.00	
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Series E, dated September 1, 1923.			
Balance last reported.....	\$1,404,000.00		
Paid during the year.....	108,000.00	1,296,000.00	
<hr/>			
Total.....		<u>\$1,868,400.00</u>	

DEPRECIATION RESERVE FUND.

Moneys equaling the amount of charges to operating expenses representing the so-called depreciation of equipment, and for the amortization of equipment retired and of property abandoned in connection with improvements, together with proceeds from the sale of absolute equipment, are deposited in a special fund set aside for additions to and betterments of your property. The total amount so deposited, and withdrawals therefrom, are shown by the statement following:

DEPOSITS.

Charges for Depreciation of Equipment:			
From June 1, 1916, to December 31, 1917.....	\$	215,923.27	
From January 1, 1918, to February 29, 1920.....		363,196.93	
From March 1, 1920, to December 31, 1925.....		1,541,933.07	
From January 1, 1926, to December 31, 1926.....		360,383.85	\$2,481,437.12
Charges for Amortization of Retired Equipment:			
From January 1, 1918, to February 29, 1920.....	\$	371,965.45	
From March 1, 1920, to December 31, 1925.....		476,601.75	
From January 1, 1926, to December 31, 1926.....		45,287.41	893,854.61
Charges for Amortization of Abandoned Property:			
From January 1, 1918, to February 29, 1920.....	\$	195,464.27	
From March 1, 1920, to December 31, 1925.....		524,961.50	720,425.77
Proceeds from Sale of Obsolete Equipment:			
From June 1, 1916, to December 31, 1917.....	\$	165,926.00	
From January 1, 1918, to February 29, 1920.....		120,585.29	
From March 1, 1920, to December 31, 1925.....		34,846.88	
From January 1, 1926, to December 31, 1926.....		3,600.00	324,958.17
Interest on Bank Balances and Loans from Fund:			
From June 1, 1916, to December 31, 1925.....	\$	71,039.61	
From January 1, 1926, to December 31, 1926.....		4,719.79	75,759.40
Replacement Fund released by Trustee under Equipment Trust, Series D:			
From January 1, 1925, to December 31, 1925.....			22,592.59
Total.....			\$4,519,027.66

WITHDRAWALS.

Payments for New Equipment:			
From June 1, 1916, to December 31, 1926.....	\$	656,530.60	
Improvements to Existing Equipment:			
From June 1, 1916, to December 31, 1925.....	\$1,425,531.81		
From January 1, 1926, to December 31, 1926.....	115,054.32	1,540,586.13	
Shop Improvements:			
From January 1, 1922, to December 31, 1925.....	\$1,238,662.21		
From January 1, 1926, to December 31, 1926.....	297,593.49	1,536,255.70	
Amount temporarily transferred to General Cash Fund.....		350,000.00	4,083,372.43
Balance December 31, 1926.....			\$ 435,655.23

GROUP INSURANCE.

The agreement entered into with the Metropolitan Life Insurance Company, referred to in preceding annual reports, providing for a plan of group insurance affording comprehensive protection to employes of your Company against loss by death, accident, illness, and total and permanent disability, was continued in effect.

At the close of the year 86.7 per cent. of eligible employes were subscribers to the original plan of group insurance, and of these 71.4 per cent. had subscribed to additional life insurance.

Payments to employes and their beneficiaries amounted during the year to \$125,155.21, classified as follows:

33 Death claims.....	\$67,717.57	
7 Accidental death and dismemberment claims.....	7,500.00	
45 Accident claims	1,682.16	
605 Health claims.....	25,093.85	
42 Total and permanent disability claims.....	23,161.63	\$125,155.21

PROPOSED NEW SOUTHWESTERN SYSTEM, COMPOSED OF THE KANSAS CITY SOUTHERN,
MISSOURI-KANSAS-TEXAS AND ST. LOUIS SOUTHWESTERN.

One purpose of the Transportation Act, 1920, is to bring about the consolidation of the railway properties of the United States into a limited number of systems of relatively equal value and earning power.

Since the passage of that Act, the grouping of carriers in the Southwestern Region has made very considerable progress. The Missouri Pacific Railroad Company has acquired control of the Gulf Coast Lines, the International-Great Northern, the Texas and Pacific, and a number of smaller lines; the Southern Pacific Company has acquired control of the El Paso and Southwestern and other lines; and the St. Louis-San Francisco Railway Company has acquired a substantial amount of stock of The Chicago, Rock Island and Pacific Railway Company. After much thoughtful consideration, the conclusion was reached that the creation of a new system of railroads in the Southwest, composed of the Kansas City Southern, the Missouri-Kansas-Texas and the St. Louis Southwestern, would not only be in the public interest, but in the interest of your Company as well. Accordingly, in November, 1924, your Company began accumulating the capital stock of the Missouri-Kansas-Texas Railroad Company; it now owns 350,000 shares of the common stock of that company, and has contracted to acquire 100,000 additional shares thereof. In the following year it acquired 135,000 shares of the preferred stock and 20,000 shares of the common stock of the St. Louis Southwestern Railway Company.

In working out the plan for the proposed system, it seemed advisable that your Company should control by stock ownership the Missouri-Kansas-Texas Railroad Company, and that the latter in turn should control by stock ownership the St. Louis Southwestern Railway Company. Accordingly, the Missouri-Kansas-Texas Railroad Company purchased from your Company, subject to the approval of the Interstate Commerce Commission, the 155,000 shares of preferred and common stock of the St. Louis Southwestern Railway Company.

In July, 1926, your Company filed an application with the Interstate Commerce Commission for authority to acquire control by stock ownership of the Missouri-Kansas-Texas Railroad Company, and the latter, at the same time, filed a similar application for authority to control by stock ownership the St. Louis Southwestern Railway Company. Copies of your Company's application were mailed to all stockholders in order that they might be informed of the action being taken. Extended hearings were held on these applications at Dallas, Texas, and at Washington, D. C., in the fall of 1926, and the applications were argued before the entire Commission on February 17 and 18, 1927.

FEDERAL VALUATION.

In the last annual report it was stated that your Companies were preparing to bring suit in the District Court of the United States at Kansas City to set aside and annul the Interstate Commerce Commission's orders in their valuation case. Such a suit was brought, heard in March by Circuit Judge Kimbrough Stone and District Judges Albert S. Reeves and Merrill E. Otis at Kansas City, Missouri, and on December 31, 1926, the suit was decided in favor of your Companies. Briefly stated, the court held that the Commission had failed, in various respects, to comply with the provisions of the Valuation Act; for example, in reporting what was termed a "value for rate-making purposes," instead of the actual value of the property of your Companies; in failing to ascertain the original cost; in failing to give an analysis of the methods of valuation employed, and in failing to make an allowance for intangible value. The court accordingly entered a decree that the said valuation orders of the Commission should be set aside and annulled. An appeal has been taken by the Commission and by the United States to the Supreme Court, where the case is now pending.

COST OF FEDERAL VALUATION.

	Prior to 1926	1926	Total
Field work.....	\$ 68,824.72	.....	\$ 68,824.72
Valuation orders, Interstate Commerce Commission.....	84,482.42	\$12,074.80	96,557.22
Contributions to Presidents' Conference Committee.....	5,389.94	669.12	6,059.06
Appraisal of real estate.....	72,822.20	6,565.15	79,387.35
General and miscellaneous.....	270,662.44	13,198.27	283,860.71
Totals.....	<u>\$502,181.72</u>	<u>\$32,507.34</u>	<u>\$534,689.06</u>

The appended balance sheets and statistical statements give full detailed information concerning expenditures for improvements, and the results of operation.

A report, including balance sheet, income account and other pertinent matter, in form prescribed by the Interstate Commerce Commission, has been filed with that body at Washington.

By order of the Board of Directors.

J. A. EDSON,
President.

ACCOUNTS AND STATISTICS

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THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative General Balance Sheet, December 31, 1926

Table No. 1

ASSETS	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$109,628,337.24	\$110,225,430.62		\$597,093.38
Deposits in lieu of Mortgaged Property sold.....	4,798,505.06	4,246.67	\$4,794,258.39	
Miscellaneous Physical Property.....	1,048,687.46	973,646.56	75,040.90	
Investments in Affiliated Companies:				
Stocks.....	2,000,207.90	2,030,207.90		30,000.00
Bonds.....	897,915.13	804,915.13	93,000.00	
Notes.....	101,280.62	173,824.75		72,544.13
Advances.....	1,548,281.88	1,352,612.33	195,669.55	
Other Investments:				
Stocks.....	3,116.23	97.00	3,019.23	
Notes.....		230.27		230.27
Miscellaneous.....	10,001.00	10,001.00		
Total Investments.....	\$120,036,332.52	\$115,575,212.23	\$4,461,120.29	
SECURITIES IN COURSE OF ACQUISITION.....	\$ 25,092,862.93	\$ 25,092,862.93		
CURRENT ASSETS.				
Cash.....	\$ 1,457,234.04	\$ 1,685,537.27		\$228,303.23
Special Deposits.....	1,555,359.16	1,113,556.36	\$ 441,802.80	
Loans and Bills receivable.....	1,278.00	2,253.40		975.40
Traffic and Car-service Balances receivable.....	679,062.27	718,419.20		39,356.93
Net Balance receivable from Agents and Conductors.....	322,029.31	250,274.25	71,755.06	
Miscellaneous Accounts receivable.....	620,577.79	767,726.87		147,149.08
Material and Supplies.....	1,990,731.94	1,873,738.04	116,993.90	
Interest and Dividends receivable.....	3,137.65	5,176.34		2,038.69
Other Current Assets.....	25,757.36	13,489.78	12,267.58	
Total Current Assets.....	\$ 6,655,167.52	\$ 6,430,171.51	\$ 224,996.01	
DEFERRED ASSETS.				
Working Fund Advances.....	\$ 19,880.57	\$ 15,670.73	\$ 4,209.84	
Other Deferred Assets.....	28,029.32	35,310.91		\$ 7,281.59
Total Deferred Assets.....	\$ 47,909.89	\$ 50,981.64		\$ 3,071.75
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance....	\$ 70,441.50	\$ 71,904.84		\$ 1,463.34
Discount on Funded Debt.....	153,543.53		\$ 153,543.53	
Other Unadjusted Debits:				
U. S. Government—Income Guaranty.....	277,098.77	277,098.77		
Other accounts.....	561,448.55	641,212.51		79,763.96
Total Unadjusted Debits.....	\$ 1,062,532.35	\$ 990,216.12	\$ 72,316.23	
Grand Totals.....	\$152,894,805.21	\$148,139,444.43	\$4,755,360.78	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative General Balance Sheet, December 31, 1926

Table No. 1

LIABILITIES	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
CAPITAL STOCK.				
Common Stock:				
Book Liability..... \$30,000,000.00				
Held by or for Company..... 40,100.00	\$ 29,959,900.00	\$ 29,959,900.00		
Preferred Stock:				
Book Liability..... \$21,000,000.00				
Held by or for Company.....	21,000,000.00	21,000,000.00		
Total Capital Stock.....	\$ 50,959,900.00	\$ 50,959,900.00		
GOVERNMENTAL GRANTS.				
Grants in Aid of Construction.....	\$ 121,911.58	\$ 7,483.50	\$ 114,428.08	
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	\$ 30,000,000.00		
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950.....	21,000,000.00	21,000,000.00		
First Mortgage 5½ Per Cent. Guaranteed Gold Bonds, Series A, of Texarkana and Fort Smith Railway Company, due August 1, 1950.....	10,000,000.00	.....	\$10,000,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....	572,400.00	636,000.00	.....	\$ 63,600.00
Equipment Trust Series E, 5½ Per Cent. Gold Certificates.....	1,296,000.00	1,404,000.00	.....	108,000.00
Miscellaneous Funded Debt.....	12,188.80	15,236.00	.....	3,047.20
Total Long-term Debt.....	\$ 62,880,588.80	\$ 53,055,236.00	\$ 9,825,352.80	
LIABILITIES AND COMMITMENTS IN CONNECTION WITH SECURITIES IN COURSE OF ACQUISITION.....	\$ 14,076,892.19	\$ 19,337,510.39	.....	\$5,260,618.20
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 908,328.04	\$ 736,525.52	\$ 171,802.52	
Audited Accounts and Wages payable.....	1,889,417.77	1,957,053.79	.....	\$ 67,636.02
Miscellaneous Accounts payable.....	58,855.20	60,068.16	.....	1,212.96
Interest Matured unpaid.....	566,923.50	559,708.50	7,215.00	
Dividends Matured unpaid.....	8,064.00	10,810.00	.....	2,746.00
Unmatured Dividends declared.....	210,000.00	210,000.00	.....
Unmatured Interest accrued.....	493,667.66	268,230.00	225,437.66	
Unmatured Rents accrued.....	70,440.65	83,954.13	.....	13,513.48
Other Current Liabilities.....	122,318.23	122,020.01	298.22	
Total Current Liabilities.....	\$ 4,328,015.05	\$ 4,008,370.11	\$ 319,644.94	
DEFERRED LIABILITIES.				
Other Deferred Liabilities.....	\$ 465,603.68	\$ 504,778.42	.....	\$ 39,174.74
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,434,697.98	\$ 1,407,612.14	\$ 27,085.84	
Accrued Depreciation—Equipment.....	2,299,869.65	1,956,561.55	343,308.10	
Other Unadjusted Credits.....	368,794.94	647,643.77	.....	\$ 278,848.83
Total Unadjusted Credits.....	\$ 4,103,362.57	\$ 4,011,817.46	\$ 91,545.11	
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 432,409.04	\$ 418,415.86	\$ 13,993.18	
Appropriated Surplus not specifically invested.....	648,972.65	771,244.52	.....	\$ 122,271.87
Profit and Loss credit balance.....	14,877,149.65	15,064,688.17	.....	187,538.52
Total Corporate Surplus.....	\$ 15,958,531.34	\$ 16,254,348.55	.....	\$ 295,817.21
Grand Totals.....	\$152,894,805.21	\$148,139,444.43	\$ 4,755,360.78	

The Company is guarantor by endorsement of First Mortgage 6 Per Cent. Gold Bonds of the Port Arthur Canal and Dock Company, a subsidiary corporation, in the face amount of \$2,500,000.00.

This Balance Sheet includes \$277,098.77 accrued as due from the Government under Section 209 of the Transportation Act in excess of amount paid by the Government. Application for authority to charge this amount to Profit and Loss is pending before the Interstate Commerce Commission.

The above Balance Sheet as at December 31, 1926, in our opinion correctly shows the financial position of The Kansas City Southern Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

KANSAS CITY, MISSOURI,
March 23, 1927.

PRICE, WATERHOUSE & CO.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Financial Changes for the Year Ended December 31, 1926

Table No. 2

ORIGIN OF RESOURCES		
DECREASE OF ASSETS.		
INVESTMENTS:		
Investment in Road and Equipment	\$597,093.38	
Investments in Affiliated Companies.		
Stocks	\$30,000.00	
Notes	72,544.13	102,544.13
Other Investments:		
Notes	230.27	\$ 699,867.78
CURRENT ASSETS:		
Cash	\$228,303.23	
Loans and Bills receivable	975.40	
Traffic and Car-service Balances receivable	39,356.93	
Miscellaneous Accounts receivable	147,149.08	
Interest and Dividends receivable	2,038.69	417,823.33
DEFERRED ASSETS:		
Other Deferred Assets		7,281.59
UNADJUSTED DEBITS:		
Rents and Insurance Premiums paid in advance	\$ 1,463.34	
Other Unadjusted Debits.		
Other accounts	79,763.96	81,227.30
Total Decrease of Assets		\$ 1,206,200.00
INCREASE OF LIABILITIES.		
GOVERNMENTAL GRANTS:		
Grants in Aid of Construction		\$ 114,428.08
LONG-TERM DEBT:		
First Mortgage 5½ Per Cent. Guaranteed Gold Bonds, Series A, of Texarkana and Fort Smith Railway Company, due August 1, 1950		10,000,000.00
CURRENT LIABILITIES:		
Traffic and Car-service Balances payable	\$171,802.52	
Interest Matured unpaid	7,215.00	
Unmatured Interest accrued	225,437.66	
Other Current Liabilities	298.22	404,753.40
UNADJUSTED CREDITS:		
Tax Liability	\$ 27,085.84	
Accrued Depreciation—Equipment	343,308.10	370,393.94
Total Increase of Liabilities		\$10,889,575.42
INCREASE OF CORPORATE SURPLUS.		
Additions to Property through Income and Surplus		\$ 13,993.18
Grand Total		\$12,109,768.60

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Financial Changes for the Year Ended December 31, 1926

Table No. 2

APPLICATION OF RESOURCES		
INCREASE OF ASSETS.		
INVESTMENTS:		
Deposits in lieu of Mortgaged Property sold.....	\$4,794,258.39	
Miscellaneous Physical Property.....	75,040.90	
Investments in Affiliated Companies.		
Bonds.....	\$ 93,000.00	
Advances.....	195,669.55	288,669.55
Other Investments.		
Stocks.....	3,019.23	\$ 5,160,988.07
CURRENT ASSETS:		
Special Deposits.....	\$ 441,802.80	
Net Balance receivable from Agents and Conductors.....	71,755.06	
Material and Supplies.....	116,993.90	
Other Current Assets.....	12,267.58	642,819.34
DEFERRED ASSETS:		
Working Fund Advances.....		4,209.84
UNADJUSTED DEBITS:		
Discount on Funded Debt.....		153,543.53
Total Increase of Assets.....		\$ 5,961,560.78
DECREASE OF LIABILITIES.		
LONG-TERM DEBT:		
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....	\$ 63,600.00	
Equipment Trust Series E, 5½ Per Cent. Gold Certificates.....	108,000.00	
Miscellaneous Funded Debt.....	3,047.20	\$ 174,647.20
LIABILITIES AND COMMITMENTS IN CONNECTION WITH SECURITIES IN COURSE OF ACQUISITION		
		5,260,618.20
CURRENT LIABILITIES:		
Audited Accounts and Wages payable.....	\$ 67,636.02	
Miscellaneous Accounts payable.....	1,212.96	
Dividends Matured unpaid.....	2,746.00	
Unmatured Rents accrued.....	13,513.48	85,108.46
DEFERRED LIABILITIES:		
Other Deferred Liabilities.....		39,174.74
UNADJUSTED CREDITS:		
Other Unadjusted Credits.....		278,848.83
Total Decrease of Liabilities.....		\$ 5,838,397.43
DECREASE OF CORPORATE SURPLUS.		
Appropriated Surplus not specifically invested.....	\$ 122,271.87	
Profit and Loss credit balance.....	187,538.52	\$ 309,810.39
Grand Total.....		\$12,109,768.60

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY**

Comparative Income Account for the Year Ended December 31, 1926

Table No. 3

	1926	1925
OPERATING INCOME.		
Railway Operating Revenues.....	\$21,921,946.62	\$21,165,155.15
Railway Operating Expenses.....	14,548,658.41	14,585,803.51
Net Revenue from Railway Operations.....	\$ 7,373,288.21	\$ 6,579,351.64
Railway Tax Accruals:		
War Taxes.....	\$ 284,708.61	\$ 240,221.44
Other Taxes.....	1,152,308.76	1,110,346.22
Uncollectible Railway Revenues.....	6,683.36	9,713.48
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,443,700.73	\$ 1,360,281.14
Railway Operating Income.....	\$ 5,929,587.48	\$ 5,219,070.50
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 38,674.10	\$ 53,283.30
Rent from Passenger-train Cars.....	27,716.40	30,182.59
Rent from Work Equipment.....	9,101.16	5,792.76
Joint Facility Rent Income.....	168,845.26	172,996.09
Income from Lease of Road.....	968.46	934.96
Miscellaneous Rent Income.....	11,384.39	9,784.63
Miscellaneous Nonoperating Physical Property.....	42,305.23	22,687.81
Dividend Income.....	337,500.00	168,750.00
Income from Funded Securities.....	7,829.21	11,388.24
Income from Unfunded Securities and Accounts.....	311,645.81	77,535.01
Miscellaneous Income.....	634.45	347.24
Total Nonoperating Income.....	\$ 956,604.47	\$ 553,682.63
Gross Income.....	\$ 6,886,191.95	\$ 5,772,753.13
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 764,830.72	\$ 568,712.05
Rent for Locomotives.....	33,530.90	31,876.32
Rent for Passenger-train Cars.....	110,189.93	74,388.69
Rent for Work Equipment.....	2,461.89	1,598.24
Joint Facility Rents.....	259,067.56	311,323.77
Rent for Leased Roads.....	173,262.62	161,578.16
Miscellaneous Rents.....	493.18	611.34
Miscellaneous Tax Accruals.....	5,894.75	2,832.48
Interest on Funded Debt.....	2,490,576.33	2,062,832.33
Interest on Unfunded Debt.....	736,384.16	421,367.59
Amortization of Discount on Funded Debt.....	5,137.74	.....
Miscellaneous Income Charges.....	24,530.49	22,333.50
Total Deductions from Gross Income.....	\$ 4,606,360.27	\$ 3,659,454.47
Net Income.....	\$ 2,279,831.68	\$ 2,113,298.66
DISPOSITION OF NET INCOME.		
Dividend Appropriations of Income:		
Quarterly Dividends on Preferred Stock:		
No. 76, declared March 16, 1926, payable April 15, 1926.....	\$ 210,000.00	
No. 77, declared June 16, 1926, payable July 15, 1926.....	210,000.00	
No. 78, declared September 15, 1926, payable October 15, 1926.....	210,000.00	
No. 79, declared December 15, 1926, payable January 15, 1927.....	210,000.00	
Total Appropriations of Income.....	\$ 840,000.00	\$ 840,000.00
INCOME BALANCE TRANSFERRED TO PROFIT AND LOSS.....	\$ 1,439,831.68	\$ 1,273,298.66
The above statement does not include adjustment of \$277,098.77 accrued as due from the Government under Section 209 of the Transportation Act in excess of amount paid by the Government. Application for authority to charge this amount to Profit and Loss is pending before the Interstate Commerce Commission.		
Profit and Loss Account for the Year Ended December 31, 1926		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$15,064,688.17
Credit Balance transferred from Income.....		1,439,831.68
Profit on Road and Equipment sold.....		46.55
Unrefundable Overcharges.....		1,126.61
Donations.....		13,993.18
Miscellaneous Credits.....		4,308.93
Surplus Appropriated for Investment in Physical Property.....	\$ 13,993.18	
Debt Discount Extinguished through Surplus.....	122,220.26	
Miscellaneous Appropriations of Surplus.....	26,390.29	
Loss on Retired Road and Equipment.....	24,531.82	
Miscellaneous Debits.....	1,459,709.92	
Credit Balance carried to Balance Sheet.....	14,877,149.65	
Totals.....	\$16,523,995.12	\$16,523,995.12

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Statement of Mileage Owned and Operated December 31, 1926

Table No. 4

DESCRIPTION					FIRST MAIN TRACK	SECOND MAIN TRACK	YARD, TERMINAL, INDUSTRIAL AND SIDE TRACKS	ALL TRACKS		
MAIN LINE OWNED OR CONTROLLED:										
Kansas City, Mo., to Belt Junction, Mo.....					12.01		77.81	89.82		
Grandview, Mo., to Port Arthur, Tex.....					765.00		386.45	1,151.45		
Between Second and Wyandotte Streets, Kansas City, Mo., and Air Line Junction, Mo.....						5.41		5.41		
Pittsburg Yards, Kas.....						1.32		1.32		
Between DeQueen, Ark., and Neal Springs, Ark.....						8.45		8.45		
Total.....					777.01	15.18	464.26	1,256.45		
BRANCH LINES OWNED OR CONTROLLED:										
Kansas City, Mo., to Independence, Mo.....					5.59		.72	6.31		
Sugar Creek Junction, Mo., to Sugar Creek, Mo.....					1.54		.54	2.08		
Asbury Junction, Mo., to Military Junction, Kas.....					13.73		2.88	16.61		
Spiro, Okla., to Fort Smith, Ark.....					16.70		10.94	27.64		
DeQuincy, La., to Lake Charles, La.....					22.57		6.71	29.28		
Lockport Junction, La., to Lockport, La.....					4.03		1.11	5.14		
Total.....					64.16		22.90	87.06		
Total Mileage Owned or Controlled.....					841.17	15.18	487.16	1,343.51*		
BRANCH LINES OPERATED UNDER LEASE:										
Kansas, Oklahoma & Gulf Ry. Co.										
Military Junction, Kas., to St. L.-S. F. Crossing, Baxter Springs, Kas....					5.94			5.94		
LINES OPERATED UNDER TRACKAGE RIGHTS:										
St. Louis-San Francisco Ry. Co.										
Belt Junction, Mo., to Grandview, Mo.....					10.96		2.93	13.89		
Kansas City Terminal Ry. Co.										
Union Station, Kansas City, Mo., to Sheffield, Mo.....					5.31	5.11		10.42		
Missouri Pacific R. R. Co.										
Between Troost Avenue and Santa Fe Street, Kansas City, Mo.....							1.55	1.55		
Kansas, Oklahoma & Gulf Ry. Co.										
At Baxter Springs, Kas.....					1.72		2.09	3.81		
Joplin Union Depot Co.										
At Joplin, Mo.....							5.97	5.97		
The Texas and Pacific Ry. Co. and St. Louis, Iron Mountain and Southern Ry. Co.										
At Texarkana, Tex.-Ark.....							2.05	2.05		
The Kansas City, Shreveport and Gulf Terminal Co.										
At Shreveport, La.....							1.58	1.58		
Total.....					17.99	5.11	16.17	39.27		
Total Mileage Operated.....					865.10	20.29	503.33	1,388.72		
LINES OWNED OR CONTROLLED BUT NOT OPERATED:										
Leased to Central Coal & Coke Co.										
Jenson, Ark., to Bonanza Mine.....							3.28	3.28		
Leased to Sabine & Neches Valley R. R. Co.										
Possum Bluffs Spur.....							2.13	2.13		
Total.....							5.41	5.41		
Total Mileage in System.....					865.10	20.29	508.74	1,394.13		
Summary										
STATE	FIRST MAIN TRACK				SECOND MAIN TRACK		YARD, TERMINAL, INDUSTRIAL AND SIDE TRACKS			ALL TRACKS
	Main Line Owned	Branch Lines Owned	Branch Lines Leased	Under Trackage Rights	Main Line Owned	Under Trackage Rights	Main Line Owned	Branch Lines Owned	Under Trackage Rights	
Missouri.....	174.58	10.42		16.27	5.41	5.11	115.90	1.66	10.45	339.80
Kansas.....	18.38	10.44	5.94	1.72	1.32		58.63	2.48	2.09	101.00
Arkansas.....	152.92	1.40			8.45		45.92	13.19	.32	222.20
Oklahoma.....	127.64	15.30					59.35	1.03		203.32
Louisiana.....	222.46	26.60					100.65	7.82	1.58	359.11
Texas.....	81.03						85.94		1.73	168.70
Totals.....	777.01	64.16	5.94	17.99	15.18	5.11	466.39	26.18	16.17	1,394.13

*Includes 2.33 miles of track jointly owned.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Expenditures for Additions and Betterments for the Year Ended December 31, 1926

Table No. 5

	1926	1925	From June 30, 1914, to Date
ROAD:			
Engineering.....	\$ 17,696.68	\$ 26,792.94	\$ 164,358.22
Land for Transportation Purposes.....	84,459.41	89,801.37	728,429.44
Grading.....	40,431.46	214,257.21	1,174,313.84
Bridges, Trestles and Culverts.....	182,424.74	71,746.21	1,189,858.47
Ties.....	22,728.76	65,459.24	412,763.90
Rails.....	62,714.47	138,058.59	654,248.23
Other Track Material.....	100,092.99	144,856.80	1,004,386.25
Ballast.....	18,493.10	112,750.55	1,488,790.19
Track Laying and Surfacing.....	14,870.11	54,714.82	378,549.10
Right-of-way Fences.....	1,465.52	1,136.43	88,571.58
Crossings and Signs.....	10,843.72	17,184.31	171,298.48
Station and Office Buildings.....	62,899.79	41,444.12	568,150.40
Roadway Buildings.....	2,007.49	Cr. 910.71	31,867.70
Water Stations.....	23,699.35	24,736.84	147,247.07
Fuel Stations.....	4,148.57	303.62	248,121.87
Shops and Enginehouses.....	132,907.12	162,376.34	744,862.13
Wharves and Docks.....		450.00	450.00
Telegraph and Telephone Lines.....	14.80	1,947.95	15,547.43
Signals and Interlockers.....	Cr. 13,785.18	23,744.53	81,751.08
Power Plant Buildings.....	302.13	Cr. 337.37	1,111.84
Power Distribution Systems.....	1,251.04	5,641.88	15,778.34
Power Line Poles and Fixtures.....	39.88	1,343.40	1,672.16
Paving.....	11,882.70		33,254.87
Roadway Machines.....	Cr. 5,998.15	1,669.95	6,147.31
Roadway Small Tools.....	121.87	575.89	3,486.33
Assessments for Public Improvements.....	41,862.88	27,893.21	263,711.62
Cost of Road Purchased.....	Cr. 35,418.25		639,057.11
Other Expenditures—Road.....	990.60		11,305.41
Shop Machinery.....	19,222.86	62,887.55	370,261.07
Power Plant Machinery.....	3,402.81	19,281.41	162,892.16
Total Expenditures for Road.....	\$805,773.27	\$1,309,807.08	\$10,802,243.60
EQUIPMENT:			
Steam Locomotives.....	\$ 11,605.61	Cr. \$ 5,670.84	\$ 2,086,706.48
Freight-train Cars.....	Cr. 24,126.07	9,971.25	1,960,780.22
Passenger-train Cars.....	4,765.49	15,653.20	75,728.95
Work Equipment.....	2,638.32	81,544.63	292,304.63
Miscellaneous Equipment.....		106.68	1,060.27
Total Expenditures for Equipment.....	Cr. \$ 5,116.65	\$ 101,604.92	\$ 4,416,580.55
GENERAL EXPENDITURES:			
Law.....		\$ 10.00	\$ 4,726.17
Interest during Construction.....		Cr. .58	53,310.96
Total General Expenditures.....		\$ 9.42	\$ 58,037.13
Grand Totals.....	\$800,656.62	\$1,411,421.42	\$15,276,861.28

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Improvements in Bridges, Trestles and Culverts,
from June 30, 1900, to December 31, 1926

Table No. 6

YEAR	BRIDGES								TRESTLES		CULVERTS		
	STEEL		CONCRETE		WOOD		COMBINATION		WOOD		STONE AND CON- CRETE	CAST IRON PIPE	CON- CRETE PIPE
	No.	Length in Feet	No.	Length in Feet	No.	Length in Feet	No.	Length in Feet	No.	Length in Feet	No.	No.	No.
June 30, 1900.....	135	10,283	.....	.....	.....	.....	2	453	882	132,730	16	.....	.....
June 30, 1901.....	162	13,392	.....	.....	.....	.....	1	156	751	120,193	53	25	.....
June 30, 1902*.....	199	17,546	.....	.....	1	.....	5	1,066	699	113,634	79	93	.....
June 30, 1903.....	184	17,323	.....	.....	.....	.....	5	513	691	107,853	337	197	.....
June 30, 1904.....	196	18,837	.....	.....	5	68	4	357	608	99,758	365	220	.....
June 30, 1905.....	231	19,225	.....	.....	3	66	3	213	593	96,377	354	233	.....
June 30, 1906.....	233	19,317	.....	.....	.....	.....	2	166	581	95,707	373	245	.....
June 30, 1907.....	240	19,390	.....	.....	1	18	2	157	470	86,979	433	282	.....
June 30, 1908.....	240	19,390	.....	.....	1	18	1	87	445	77,335	478	428	.....
June 30, 1909.....	245	19,502	.....	.....	1	18	1	87	433	76,218	514	502	.....
June 30, 1910.....	249	20,657	.....	.....	.....	.....	1	87	402	74,310	564	556	5
June 30, 1911.....	253	21,153	.....	.....	.....	.....	1	87	390	73,670	604	569	61
June 30, 1912.....	257	21,708	.....	.....	.....	.....	1	87	384	71,695	615	561	64
June 30, 1913.....	260	21,738	1	105	.....	.....	1	87	324	64,792	634	563	68
June 30, 1914.....	272	21,886	1	105	.....	.....	1	87	321	64,701	636	570	77
June 30, 1915.....	281	22,124	1	105	.....	.....	1	87	315	63,931	665	577	98
June 30, 1916.....	284	22,281	1	105	.....	.....	1	87	316	64,049	671	580	97
December 31, 1916..	284	22,281	1	105	.....	.....	1	87	315	65,893	675	580	98
December 31, 1917..	289	22,762	2	225	.....	.....	1	87	307	64,786	689	592	118
December 31, 1918..	295	22,851	2	225	.....	.....	1	87	306	64,804	696	593	130
December 31, 1919..	304	23,058	2	225	.....	.....	1	87	309	64,356	703	603	134
December 31, 1920..	314	23,203	2	225	.....	.....	1	87	323	64,768	705	606	146
December 31, 1921..	314	23,203	2	225	.....	.....	1	87	325	64,443	706	607	149
December 31, 1922..	314	23,203	2	225	.....	.....	1	87	320	64,092	706	609	164
December 31, 1923..	314	23,173	2	225	.....	.....	1	87	304	63,876	715	611	177
December 31, 1924..	322	23,503	3	252	.....	.....	1	87	305	64,380	721	610	202
December 31, 1925..	327	23,886	3	252*	.....	.....	1	87	298	62,195	722	610	227
December 31, 1926..	328	24,075	6	372	.....	.....	1	87	301	58,844	722	609	232

*Kansas City Suburban Belt R. R. was acquired in 1902.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Statement of Equipment Serviceable December 31, 1926

Table No. 7

	IN SERVICE DECEMBER 31, 1925			GAINS				LOSSES			TRANSFERRED AS BETWEEN CLASSES		IN SERVICE DECEMBER 31, 1926		
	Owned	Trust Equip- ment	Total	Pur- chased	Re- built	Built	Trust Equip- ment	Sold	Destroyed or Broken Up		From	To	Owned	Trust Equip- ment	Total
									Owned	Trust Equip- ment					
LOCOMOTIVES.															
Passenger.....	19	3	22						1				18	3	21
Freight.....	103	10	113					1	2		8		92	10	102
Switching.....	35		35									8	43		43
Totals.....	157	13	170					1	3		8	8	153	13	166
PASSENGER EQUIPMENT.															
Coaches.....	28		28								1		27		27
Chair Cars.....	25		25										25		25
Coach and Baggage Cars..	2		2	1					1				2		2
Baggage Cars.....	17		17						1				16		16
Baggage, Coach and Mail Cars.....	1		1										1		1
Express and Mail Cars....	10		10										10		10
Totals.....	83		83	1					2		1		81		81
FREIGHT EQUIPMENT.															
<i>In Commercial Service:</i>															
Box Cars.....	1,344	600	1,944						48	1	1	4	1,299	599	1,898
Furniture Cars.....	290		290						5				285		285
Stock Cars.....	260		260						1				259		259
Tank Cars.....	222		222						2				220		220
Coal Cars.....	1,062	198	1,260						1	1			1,061	197	1,258
Flat Cars.....	312		312						3		2		307		307
Vinegar Tank Cars.....	2		2										2		2
Totals.....	3,492	798	4,290						60	2	3	4	3,433	796	4,229
Cabooses.....	74		74										74		74
<i>In Work Service:</i>															
Box Cars.....	267		267						17		4	1	247		247
Coal Cars.....	1		1										1		1
Flat Cars.....	69		69						8			1	62		62
Ballast Cars.....	36		36										36		36
Convertible Coal and Bal- last Cars.....	188		188						1				187		187
Totals.....	561		561						26		4	2	533		533
WORK EQUIPMENT.															
Business Cars.....	5		5										5		5
Wrecker Bunk Cars.....	1		1										1		1
Outfit Coaches.....	10		10										10		10
Derrick Cars.....	14		14										14		14
Water Cars.....	1		1										1		1
Slope Levelers.....	1		1										1		1
Ditchers.....	3		3									1	4		4
Pile Drivers.....	2		2										2		2
Lidgerwoods.....	7		7					1					6		6
Scale Test Cars.....	1		1										1		1
Double-end Ballast Dis- tributors.....	1		1										1		1
Examination Cars.....												1	1		1
Dynamometer Cars.....				1									1		1
Totals.....	46		46	1				1				2	48		48
Total Cars.....	4,256	798	5,054	2				1	88	2	8	8	4,169	796	4,965

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Steam Locomotives Owned or Controlled December 31, 1926

Table No. 8

CLASSIFICATION		TOTAL			
Type	Tractive Power in Pounds	Number	Tractive Power in Pounds	Weight on Drivers in Tons	Weight of Engine and Tender in Working Order—Tons
Passenger.....	20,000 or less	3	53,472	114.85	279.90
Passenger.....	Over 20,000	18	596,893	1,360.25	3,451.35
Totals.....		21	650,365	1,475.10	3,731.25
Averages.....			30,970	70.24	177.68
Freight.....	40,000 or less	18	560,463	1,080.48	2,187.66
Freight.....	80,000 or less	55	2,737,080	5,570.29	10,362.82
Freight.....	Over 80,000	29	3,435,504	6,125.00	9,183.15
Totals.....		102	6,733,047	12,775.77	21,733.63
Averages.....			66,010	125.25	213.07
Switch and Work.....	20,000 or less				
Switch and Work.....	40,000 or less	24	712,360	1,616.50	2,702.30
Switch and Work.....	Over 40,000	19	901,333	2,093.71	3,265.84
Totals.....		43	1,613,693	3,710.21	5,968.14
Averages.....			37,528	86.28	138.79
Grand Totals.....		166	8,997,105	17,961.08	31,433.02
Averages.....			54,199	108.20	189.36

Average combined Passenger and Freight Gross Ton Miles per annum per pound of Locomotive Tractive Power owned 597.3

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

Description of Passenger-train Cars Owned or Controlled December 31, 1926

Table No. 9

CLASSIFICATION		TOTAL					
Type	Length Over Body End Sills in Feet	Number			Carrying Capacity		Light Wt. in Working Order—Tons
		All Wood	Steel Under- frame	Total	No. of Passen- gers	Tons of Commodi- ties	
Coach or Chair—First Class	Less than 60 feet	11	4	15	825	.....	582
Coach or Chair—First Class	Over 60 feet	3	19	22	1,381	.....	1,083
Coach or Chair—Second Class or Emigrant..	All	15	.....	15	846	.....	410
Coach or Chair and Combination	All	3	.....	3	80	.....	90
Total Passenger-Carrying .....	.....	32	23	55	3,132	.....	2,165
Mail, Express and Baggage	Less than 60 feet	4	5	9	.....	178	368
Mail, Express and Baggage	Over 60 feet	.....	17	17	.....	283	871
Total Commodity-Carrying .....	.....	4	22	26	.....	461	1,239
Grand Totals .....	.....	36	45	81	3,132	461	3,404

Average Passenger-train Car Miles per annum per Passenger-train Car owned..... 73,710

Description of Freight-train Cars Owned or Controlled December 31, 1926

Table No. 10

CLASSIFICATION									TOTAL	
Type	Number of Cars of Marked Capacity in Pounds					Number of Cars and Type of Construction			Light Weight in Tons	Marked Carrying Capacity in Tons
	Less than 60,000	60,000 to 80,000	80,000 to 100,000	100,000 to 140,000	Total	All Wood	Steel Under- frame	Total		
Box	97	784	1,549	.....	2,430	1,733	697	2,430	44,840	86,850
Stock .....	.....	259	.....	.....	259	259	.....	259	4,470	7,770
Tank .....	.....	119	92	9	220	.....	220	220	4,435	7,700
Total Closed	97	1,162	1,641	9	2,909	1,992	917	2,909	53,745	102,320
Gondola .....	.....	1	1,061	197	1,259	78	1,181	1,259	24,198	52,320
Flat	16	88	69	196	369	173	196	369	5,600	15,590
Total Open	16	89	1,130	393	1,628	251	1,377	1,628	29,798	67,910
All Other	1	103	89	101	294*	193	101	294	5,617	11,725
Grand Totals ..	114	1,354	2,860	503	4,831	2,436	2,395	4,831	89,160	181,955

Average Net Freight Ton Miles per annum per ton of Freight Car Carrying Capacity owned 10,057.0

*Does not include 5 Air-dump Cars in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

Statement of Principal Stocks and Bonds Owned December 31, 1926

Table No. 11

CHARACTER	SHARES	FACE AMOUNT	PER CENT. OF ISSUE	BOOK VALUE
CHARGED TO INVESTMENTS IN AFFILIATED COMPANIES.				
STOCKS:				
The Arkansas Western Railway Co.....	6,500	\$ 650,000.00	100.0	\$ 302,582.20
The Maywood and Sugar Creek Railway Co.....	300	30,000.00	100.0	30,000.00
Fort Smith and Van Buren Railway Co.....	120	12,000.00	100.0	12,000.00
Central Railroad of Louisiana.....	50	5,000.00	100.0	1.00
Port Arthur Canal and Dock Co.....	5,000	500,000.00	100.0	1,193,289.37
Kansas City Terminal Railway Co.....	1,833 ¹ / ₃	183,333.33	8.3	183,333.33
The Kansas City, Shreveport and Gulf Terminal Co.....	1,500	150,000.00	100.0	150,000.00
The K. C. S. Elevator Co.....	250	25,000.00	100.0	100,000.00
Joplin Union Depot Co.....	100	10,000.00	25.0	10,000.00
The Kansas and Missouri Railway and Terminal Co.....	8,000	.....	100.0	2.00*
Kansas City & Grandview Railway Co.....	140	14,000.00	100.0	14,000.00
Industrial Land Co.....	50	5,000.00	100.0	5,000.00
Totals.....	23,843 ¹ / ₃	\$1,584,333.33	.....	\$2,000,207.90
BONDS:				
The Arkansas Western Railway Co. First 5's.....		\$ 650,000.00	100.0	\$ 100,000.00
The Kansas City, Shreveport and Gulf Terminal Co. First 4's.....		24,000.00	16.0	15,687.50
The Kansas and Missouri Railway and Terminal Co. First 6's.....		800,000.00	100.0	782,227.63
Totals.....		\$1,474,000.00	.....	\$ 897,915.13
CHARGED TO INVESTMENT IN ROAD AND EQUIPMENT.				
STOCKS:				
The Kansas City, Shreveport and Gulf Railway Co.....	3,030	\$ 303,000.00	100.0	\$ 300,000.00
Texarkana and Fort Smith Railway Co.....	2,000	100,000.00	100.0	100,000.00
Totals.....	5,030	\$ 403,000.00	.....	\$ 400,000.00
BONDS:				
The Kansas City, Shreveport and Gulf Railway Co. First 5's.....		\$6,623,000.00	100.0	\$8,278,750.00

*No par value.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1926

Table No. 12

	1926	1925	INCREASE	DECREASE
RAILWAY OPERATING REVENUES.				
TRANSPORTATION—RAIL LINE:				
Freight.....	\$18,196,796.20	\$17,439,572.02	\$757,224.18	
Passenger.....	1,615,558.55	1,749,398.82		\$133,840.27
Excess Baggage.....	13,726.49	15,206.47		1,479.98
Mail.....	294,420.57	263,891.90	30,528.67	
Express.....	463,456.58	426,260.54	37,196.04	
Other Passenger-train.....	4,464.09	5,412.38		948.29
Switching.....	1,044,371.88	960,642.48	83,729.40	
Special Service Train.....	5,473.72	7,160.89		1,687.17
Other Freight-train.....	5,043.80	6,150.51		1,106.71
Total Rail-Line Transportation Revenues.....	\$21,643,311.88	\$20,873,696.01	\$769,615.87	
INCIDENTAL.....	\$ 129,507.62	\$ 137,503.93		\$ 7,996.31
JOINT FACILITY.....	149,127.12	153,955.21		4,828.09
Total Railway Operating Revenues.....	\$21,921,946.62	\$21,165,155.15	\$756,791.47	
RAILWAY OPERATING EXPENSES.				
MAINTENANCE OF WAY AND STRUCTURES:				
Superintendence.....	\$ 302,594.85	\$ 311,384.58		\$ 8,789.73
Roadway Maintenance.....	265,215.23	308,155.22		42,939.99
Tunnels and Subways.....	830.19	199.51	\$ 630.68	
Bridges, Trestles and Culverts.....	111,055.58	130,907.34		19,851.76
Ties.....	288,692.02	311,465.61		22,773.59
Rails.....	148,902.98	157,639.31		8,736.33
Other Track Material.....	140,255.27	171,442.96		31,187.69
Ballast.....	92,186.04	209,565.71		117,379.67
Track Laying and Surfacing.....	628,265.64	743,615.69		115,350.05
Right-of-Way Fences.....	35,050.62	37,249.35		2,198.73
Crossings and Signs.....	26,114.79	34,847.16		8,732.37
Station and Office Buildings.....	97,148.29	82,327.80	14,820.49	
Roadway Buildings.....	19,686.58	24,493.21		4,806.63
Water Stations.....	50,910.98	23,939.12	26,971.86	
Fuel Stations.....	9,656.49	8,254.27	1,402.22	
Shops and Enginehouses.....	109,736.43	99,190.86	10,545.57	
Grain Elevators.....	2,540.32	2,713.90		173.58
Wharves and Docks.....	16,435.65	26,793.69		10,358.04
Telegraph and Telephone Lines.....	27,380.68	27,990.15		609.47
Signals and Interlockers.....	15,954.88	9,724.25	6,230.63	
Power Plant Buildings.....	1,556.05	1,742.25		186.20
Power Distribution Systems.....	4,764.86	2,243.18	2,521.68	
Power Line Poles and Fixtures.....	328.82	35.68	293.14	
Paving.....	805.48	3,130.61		2,325.13
Roadway Machines.....	15,267.91	13,212.26	2,055.65	
Small Tools and Supplies.....	30,279.05	36,018.07		5,739.02
Removing Snow, Ice and Sand.....	5,099.28	4,940.70	158.58	
Assessments for Public Improvements.....	684.77	493.74	191.03	
Injuries to Persons.....	23,379.93	44,336.04		20,956.11
Insurance.....	44,065.78	44,362.99		297.21
Stationery and Printing.....	10,536.73	10,441.22	95.51	
Other Expenses.....	7,671.45	9,959.05		2,287.60
Maintaining Joint Tracks, Yards and Other Fac.—Dr.	52,737.06	56,485.42		3,748.36
Maintaining Joint Tracks, Yards and Other Fac.—Cr.	79,625.96	106,201.33		26,575.37
Total Maintenance of Way and Structures.....	\$ 2,506,164.72	\$ 2,843,099.57		\$336,934.85

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1926

Table No. 12

	1926	1925	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
MAINTENANCE OF EQUIPMENT:				
Superintendence.....	\$ 234,845.69	\$ 216,764.49	\$ 18,081.20	
Shop Machinery.....	88,517.57	110,251.29		\$ 21,733.72
Power Plant Machinery.....	23,089.09	23,370.48		281.39
Steam Locomotives—Repairs.....	1,384,499.78	1,347,249.53	37,250.25	
Steam Locomotives—Depreciation.....	151,480.59	150,859.45	621.14	
Steam Locomotives—Retirements.....	18,925.47	73,240.31		54,314.84
Freight-train Cars—Repairs.....	987,286.72	926,161.06	61,125.66	
Freight-train Cars—Depreciation.....	185,926.89	184,136.59	1,790.30	
Freight-train Cars—Retirements.....	22,851.37	33,327.46		10,476.09
Passenger-train Cars—Repairs.....	207,460.05	198,617.92	8,842.13	
Passenger-train Cars—Depreciation.....	9,318.14	9,808.17		490.03
Passenger-train Cars—Retirements.....	1,702.22			1,702.22
Work Equipment—Repairs.....	90,679.09	97,359.25		6,680.16
Work Equipment—Depreciation.....	13,658.23	12,027.12	1,631.11	
Work Equipment—Retirements.....	3,539.31	1,389.88	2,149.43	
Miscellaneous Equipment—Retirements.....		264.05		264.05
Miscellaneous Equipment—Repairs.....	381.19		381.19	
Injuries to Persons.....	17,132.23	16,670.69	461.54	
Insurance.....	20,870.70	16,884.53	3,986.17	
Stationery and Printing.....	18,610.80	16,180.20	2,430.60	
Other Expenses.....	18,843.74	20,614.96		1,771.22
Maintaining Joint Equipment—Dr.....	27,677.99	26,427.17	1,250.82	
Maintaining Joint Equipment—Cr.....	112.49	1,866.32		1,753.83
Equalization—Equipment.....		Cr. 6,171.38	6,171.38	
Total Maintenance of Equipment.....	\$ 3,523,779.93	\$ 3,473,566.90	\$ 50,213.03	
TRAFFIC:				
Superintendence.....	\$ 213,424.04	\$ 199,401.63	\$ 14,022.41	
Outside Agencies.....	342,816.67	320,002.08	22,814.59	
Advertising.....	27,574.78	23,135.94	4,438.84	
Traffic Associations.....	8,172.69	6,797.34	1,375.35	
Industrial and Immigration Bureaus.....	28,918.39	21,535.07	7,383.32	
Insurance.....	370.13	368.38	1.75	
Stationery and Printing.....	66,424.20	62,915.38	3,508.82	
Other Expenses.....	168.93	515.03		\$ 346.10
Total Traffic.....	\$ 687,869.83	\$ 634,670.85	\$ 53,198.98	
TRANSPORTATION—RAIL LINE:				
Superintendence.....	\$ 333,531.43	\$ 323,007.38	\$ 10,524.05	
Dispatching Trains.....	75,229.89	71,672.23	3,557.66	
Station Employees.....	757,980.66	799,303.56		\$ 41,322.90
Weighing, Inspection and Demurrage Bureaus.....	37,306.43	36,989.02	317.41	
Station Supplies and Expenses.....	51,982.47	55,799.44		3,816.97
Yardmasters and Yard Clerks.....	189,700.70	179,136.11	10,564.59	
Yard Conductors and Brakemen.....	453,345.79	436,708.23	16,637.56	
Yard Switch and Signal Tenders.....	16,147.06	15,991.22	155.84	
Yard Enginemen.....	282,779.71	282,024.08	755.63	
Fuel for Yard Locomotives.....	408,229.47	413,868.13		5,638.66
Water for Yard Locomotives.....	18,658.37	22,972.12		4,313.75
Lubricants for Yard Locomotives.....	5,374.18	4,943.25	430.93	
Other Supplies for Yard Locomotives.....	8,092.49	7,976.68	115.81	
Enginehouse Expenses—Yard.....	126,013.65	135,505.04		9,491.39
Yard Supplies and Expenses.....	12,996.59	12,033.95	962.64	
Operating Joint Yards and Terminals—Dr.....	165,580.77	161,189.49	4,391.28	
Operating Joint Yards and Terminals—Cr.....	16,942.40	19,606.24		2,663.84
Carried Forward.....	\$ 2,926,007.26	\$ 2,939,513.69		\$ 13,506.43

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1926

Table No. 12

	1926	1925	INCREASE	DECREASE
RAILWAY OPERATING EXPENSES—Continued.				
TRANSPORTATION—RAIL LINE—Continued:				
Brought Forward.....	\$ 2,926,007.26	\$ 2,939,513.69		\$ 13,506.43
Train Enginemen.....	581,692.68	564,910.57	\$ 16,782.11	
Fuel for Train Locomotives.....	1,581,422.17	1,434,501.51	146,920.66	
Water for Train Locomotives.....	85,826.19	89,537.69		3,711.50
Lubricants for Train Locomotives.....	21,462.47	23,421.57		1,959.10
Other Supplies for Train Locomotives.....	28,785.00	27,369.49	1,415.51	
Enginehouse Expenses—Train.....	173,990.29	177,370.90		3,380.61
Trainmen.....	705,320.78	692,585.28	12,735.50	
Train Supplies and Expenses.....	230,821.91	212,950.76	17,871.15	
Signal and Interlocker Operation.....	31,662.15	29,016.83	2,645.32	
Crossing Protection.....	36,872.37	37,440.25		567.88
Drawbridge Operation.....	6,714.95	7,679.74		964.79
Telegraph and Telephone Operation.....	67,513.37	65,646.89	1,866.48	
Stationery and Printing.....	66,934.23	67,635.50		701.27
Other Expenses.....	16,080.61	12,474.31	3,606.30	
Operating Joint Tracks and Facilities—Dr.....	28,642.13	27,133.96	1,508.17	
Operating Joint Tracks and Facilities—Cr.....	62,004.74	58,559.13	3,445.61	
Insurance.....	24,513.62	26,650.86		2,137.24
Clearing Wrecks.....	19,412.74	17,361.74	2,051.00	
Damage to Property.....	2,822.68	21,637.86		18,815.18
Damage to Live Stock on Right of Way.....	60,640.89	35,327.21	25,313.68	
Loss and Damage—Freight.....	81,560.92	85,468.23		3,907.31
Loss and Damage—Baggage.....	595.09	43.94	551.15	
Injuries to Persons.....	49,684.42	70,637.32		20,952.90
Total Transportation—Rail Line.....	\$ 6,766,974.18	\$ 6,607,756.97	\$ 159,217.21	
MISCELLANEOUS OPERATIONS:				
Grain Elevators.....	\$ 16,933.85	\$ 16,148.68	\$ 785.17	
Producing Power Sold.....	1,785.61	1,918.47		\$ 132.86
Total Miscellaneous Operations.....	\$ 18,719.46	\$ 18,067.15	\$ 652.31	
GENERAL:				
Salaries and Expenses of General Officers.....	\$ 212,129.47	\$ 209,961.99	\$ 2,167.48	
Salaries and Expenses of Clerks and Attendants.....	451,316.50	447,898.93	3,417.57	
General Office Supplies and Expenses.....	57,383.91	56,839.04	544.87	
Law Expenses.....	145,559.74	129,035.79	16,523.95	
Insurance.....	1,104.89	1,213.24		\$ 108.35
Pensions.....	22,216.63	18,830.60	3,386.03	
Stationery and Printing.....	47,775.40	43,394.10	4,381.30	
Valuation Expenses.....	32,507.34	55,976.25		23,468.91
Other Expenses.....	99,193.67	71,337.80	27,855.87	
General Joint Facilities—Dr.....	6,846.05	6,420.95	425.10	
Total General.....	\$ 1,076,033.60	\$ 1,040,908.69	\$ 35,124.91	
TRANSPORTATION FOR INVESTMENT—Cr.....	\$ 30,883.31	\$ 32,266.62		\$ 1,383.31
Grand Total Railway Operating Expenses.....	\$14,548,658.41	\$14,585,803.51		\$ 37,145.10
Net Revenue from Railway Operations.....	\$ 7,373,288.21	\$ 6,579,351.64	\$ 793,936.57	
RAILWAY TAX ACCRUALS.....	\$ 1,437,017.37	\$ 1,350,567.66	\$ 86,449.71	
UNCOLLECTIBLE RAILWAY REVENUES.....	6,683.36	9,713.48		\$ 3,030.12
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,443,700.73	\$ 1,360,281.14	\$ 83,419.59	
Total Operating Income.....	\$ 5,929,587.48	\$ 5,219,070.50	\$ 710,516.98	

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Revenues and Expenses for the Five Years Ended December 31, 1926, including Federal Lap-overs

Table No. 13

	1922	1923	1924	1925	1926
RAILWAY OPERATING REVENUES.					
TRANSPORTATION—RAIL LINE:					
Freight.....	\$16,345,294.78	\$18,047,084.53	\$16,928,316.14	\$17,443,178.68	\$18,196,796.20
Passenger.....	2,200,553.57	2,422,733.19	2,054,886.31	1,749,398.82	1,615,558.55
Excess Baggage.....	20,514.84	20,948.60	19,101.02	15,206.47	13,726.49
Mail.....	217,124.56	244,213.64	248,510.81	263,891.90	294,420.57
Express.....	441,599.16	500,056.48	471,540.55	426,260.54	463,456.58
Other Passenger-train.....	3,703.05	4,365.02	4,785.29	5,412.38	4,464.09
Switching.....	757,629.10	841,692.67	848,074.87	960,642.48	1,044,371.88
Special Service Train.....	5,964.10	7,038.84	7,811.03	7,160.89	5,473.72
Other Freight-train.....	3,423.78	14,017.36	3,525.43	6,150.51	5,043.80
Total Rail-Line Transportation Revenues.....	\$19,995,806.94	\$22,102,150.33	\$20,586,551.45	\$20,877,302.67	\$21,643,311.88
INCIDENTAL.....	\$ 238,100.81	\$ 198,954.66	\$ 170,379.41	\$ 137,503.93	\$ 129,507.62
JOINT FACILITY.....	270,934.04	154,848.07	268,881.61	153,955.21	149,127.12
Total Railway Operating Revenues.....	\$20,504,841.79	\$22,455,953.06	\$21,025,812.47	\$21,168,761.81	\$21,921,946.62
RAILWAY OPERATING EXPENSES.					
MAINTENANCE OF WAY AND STRUCTURES.....	\$ 2,579,562.81	\$ 3,605,318.52	\$ 2,972,919.87	\$ 2,843,099.57	\$ 2,506,164.72
MAINTENANCE OF EQUIPMENT.....	4,139,710.91	4,275,365.73	3,858,379.27	3,473,566.90	3,523,779.93
TRAFFIC.....	503,035.21	533,971.28	577,128.07	634,670.85	687,869.83
TRANSPORTATION—RAIL LINE.....	7,110,438.71	7,397,666.15	6,798,832.22	6,607,558.62	6,766,974.18
MISCELLANEOUS OPERATIONS.....	5,120.72	17,654.71	34,112.80	18,067.15	18,719.46
GENERAL.....	901,398.80	953,769.85	1,036,952.35	1,040,908.69	1,076,033.60
TRANSPORTATION FOR INVESTMENT—Cr.....	13,854.37	20,965.17	17,409.89	32,266.62	30,883.31
Total Railway Operating Expenses.....	\$15,225,412.79	\$16,762,781.07	\$15,260,914.69	\$14,585,605.16	\$14,548,658.41
Net Revenue from Railway Operations...	\$ 5,279,429.00	\$ 5,693,171.99	\$ 5,764,897.78	\$ 6,583,156.65	\$ 7,373,288.21
RAILWAY TAX ACCRUALS.....	\$ 1,314,327.49	\$ 1,435,907.45	\$ 1,276,110.83	\$ 1,349,623.39	\$ 1,437,017.37
UNCOLLECTIBLE RAILWAY REVENUES.....	7,666.68	10,932.33	5,185.36	9,713.48	6,683.36
Total Tax Accruals and Uncollectible Revenues.....	\$ 1,321,994.17	\$ 1,446,839.78	\$ 1,281,296.19	\$ 1,359,336.87	\$ 1,443,700.73
Total Operating Income.....	\$ 3,957,434.83	\$ 4,246,332.21	\$ 4,483,601.59	\$ 5,223,819.78	\$ 5,929,587.48

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement of Classified Revenue Tonnage for the Year Ended
December 31, 1926

Table No. 14

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1926	1925	1926	1925	1926	1925	1926	1925
PRODUCTS OF AGRICULTURE:								
Wheat.....	16,623	27,650	16,183	3,399	32,806	31,049	.4	.4
Corn.....	48,825	40,094	37,668	16,719	86,493	56,813	1.1	.8
Oats.....	49,515	53,151	53,239	81,787	102,754	134,938	1.3	1.9
Other Grain.....	2,636	1,129	10,838	5,551	13,474	6,680	.2	.1
Flour and Meal.....	19,226	21,076	58,484	52,185	77,710	73,261	1.0	1.0
Other Mill Products.....	49,995	47,652	28,642	25,796	78,637	73,448	1.0	1.0
Hay, Straw and Alfalfa.....	20,745	27,553	13,315	14,688	34,060	42,241	.4	.6
Tobacco.....	89	20	38	32	127	52	.0	.0
Cotton.....	24,983	32,663	9,881	11,208	34,864	43,871	.4	.6
Cotton Seed and Products, ex- cept oil.....	31,118	38,300	25,126	43,006	56,244	81,306	.7	1.1
Citrus Fruits.....	6	6	1,330	1,335	1,336	1,341	.0	.0
Other Fresh Fruits.....	12,476	13,314	48,403	40,778	60,879	54,092	.7	.7
Potatoes.....	9,776	10,306	22,740	23,697	32,516	34,003	.4	.5
Other Fresh Vegetables.....	2,148	1,259	12,881	12,388	15,029	13,647	.2	.2
Dried Fruits and Vegetables...	207	308	3,707	3,103	3,914	3,411	.0	.0
Other Products of Agriculture..	1,536	863	13,460	11,326	14,996	12,189	.2	.2
Totals.....	289,904	315,344	355,935	346,998	645,839	662,342	8.0	9.1
ANIMALS AND PRODUCTS:								
Horses and Mules.....	2,406	4,316	943	1,564	3,349	5,880	.0	.1
Cattle and Calves.....	13,377	14,730	5,772	4,667	19,149	19,397	.2	.3
Sheep and Goats.....	699	1,043	415	699	1,114	1,742	.0	.0
Hogs.....	10,570	8,917	2,218	713	12,788	9,630	.2	.1
Fresh Meats.....	5,937	3,708	6,566	4,828	12,503	8,536	.2	.1
Other Packing House Products.	12,369	11,095	23,190	22,522	35,559	33,617	.4	.5
Poultry.....	2,565	2,027	428	585	2,993	2,612	.0	.0
Eggs.....	3,385	2,363	987	1,990	4,372	4,353	.1	.1
Butter and Cheese.....	131	176	1,323	1,690	1,454	1,866	.0	.0
Wool.....	618	362	126	102	744	464	.0	.0
Hides and Leather.....	1,643	1,674	1,308	2,218	2,951	3,892	.0	.1
Other Animals and Products...	69,746	61,352	30,888	13,215	100,634	74,567	1.3	1.0
Totals.....	123,446	111,763	74,164	54,793	197,610	166,556	2.4	2.3
PRODUCTS OF MINES:								
Anthracite Coal.....			111	223	111	223	.0	.0
Bituminous Coal.....	678,864	638,484	157,849	139,697	836,713	778,181	10.3	10.7
Coke.....			3,293	4,447	3,293	4,447	.0	.1
Iron Ore.....			117	25	117	25	.0	.0
Other Ores and Concentrates...	14,620	13,453	90,156	46,715	104,776	60,168	1.3	.8
Clay, Gravel, Sand and Stone..	314,000	308,657	315,052	301,633	629,052	610,290	7.8	8.3
Crude Petroleum.....	414	201	837,422	600,348	837,836	600,549	10.4	8.2
Asphaltum.....	106,805	146,839	20,536	20,392	127,341	167,231	1.6	2.3
Salt.....	59	1	22,342	22,109	22,401	22,110	.3	.3
Other Products of Mines.....	4,723	4,721	52,458	77,742	57,181	82,463	.7	1.1
Totals.....	1,119,485	1,112,356	1,499,336	1,213,331	2,618,821	2,325,687	32.4	31.8
Carried Forward.....	1,532,835	1,539,463	1,929,435	1,615,122	3,462,270	3,154,585	42.8	43.2

THE KANSAS CITY SOUTHERN RAILWAY COMPANY

TEXARKANA AND FORT SMITH RAILWAY COMPANY

Comparative Statement of Classified Revenue Tonnage for the Year Ended December 31, 1926

Table No. 14

COMMODITIES	FREIGHT ORIGINATING ON THIS ROAD		FREIGHT RECEIVED FROM CONNECTING LINES		TOTAL TONS		PER CENT.	
	1926	1925	1926	1925	1926	1925	1926	1925
Brought Forward.....	1,532,835	1,539,463	1,929,435	1,615,122	3,462,270	3,154,585	42.8	43.2
PRODUCTS OF FORESTS:								
Logs, Posts, Poles and Cord								
Wood.....	251,498	139,346	58,973	35,582	310,471	174,928	3.8	2.4
Ties.....	158,350	163,160	11,680	24,196	170,030	187,356	2.1	2.6
Lumber, Timber, Box Shooks,								
Staves and Headings.....	580,955	663,394	400,802	410,797	981,757	1,074,191	12.1	14.7
Other Products of Forests.....	25,466	20,819	4,347	5,095	29,813	25,914	.4	.3
Totals.....	1,016,269	986,719	475,802	475,670	1,492,071	1,462,389	18.4	20.0
MANUFACTURES AND								
MISCELLANEOUS:								
Refined Petroleum.....	969,704	983,926	961,292	627,363	1,930,996	1,611,289	23.9	22.1
Vegetable Oils.....	3,346	3,300	19,530	13,808	22,876	17,108	.3	.2
Sugar, Syrup, Glucose and Mo-								
lasses.....	5,143	589	36,185	40,838	41,328	41,427	.5	.6
Boats and Vessel Supplies.....				5		5	.0	.0
Iron, Pig and Bloom.....	9		5,418	3,981	5,427	3,981	.1	.1
Rails and Fastenings.....	20,069	15,484	7,346	7,028	27,415	22,512	.3	.3
Bar and Sheet Iron, Structural								
Iron and Iron Pipe.....	18,202	18,845	161,918	121,962	180,120	140,807	2.2	1.9
Other Metals, Pig, Bar and								
Sheet.....	670	593	32,547	28,562	33,217	29,155	.4	.4
Castings, Machinery and Boilers	3,561	4,800	27,782	17,011	31,343	21,811	.4	.3
Cement.....	2,611	1,488	53,562	39,126	56,173	40,614	.7	.5
Brick and Artificial Stone.....	27,835	34,266	46,061	32,428	73,896	66,694	.9	.9
Lime and Plaster.....	358	688	4,127	3,845	4,485	4,533	.1	.1
Sewer Pipe and Drain Tile.....	9,160	9,246	1,622	2,582	10,782	11,828	.1	.2
Agricultural Implements and								
Vehicles, except automobiles	3,483	2,831	11,138	8,964	14,621	11,795	.2	.2
Automobiles and Auto Trucks..	2,737	3,715	55,954	40,746	58,691	44,461	.7	.6
Household Goods and Second-								
hand Furniture.....	1,832	2,100	1,835	2,269	3,667	4,369	.0	.1
Furniture (New).....	3,471	2,918	6,303	5,979	9,774	8,897	.1	.1
Beverages.....	155	164	3,006	2,814	3,161	2,978	.0	.0
Ice.....	16,987	21,959	55	18	17,042	21,977	.2	.3
Fertilizers (All Kinds).....	17,105	15,444	6,732	5,693	23,837	21,137	.3	.3
Paper, Printed Matter and								
Books.....	181	159	12,055	10,274	12,236	10,433	.2	.1
Chemicals and Explosives.....	34,915	34,324	26,831	29,975	61,746	64,299	.8	.9
Textiles.....	319	273	5,952	8,320	6,271	8,593	.1	.1
Canned Goods (All Canned								
Food Products).....	4,333	6,605	18,148	21,704	22,481	28,309	.3	.4
Other Manufactures and Mis-								
cellaneous.....	207,323	185,305	172,692	157,023	380,015	342,328	4.7	4.7
Totals.....	1,353,509	1,349,022	1,678,091	1,232,318	3,031,600	2,581,340	37.5	35.4
Merchandise—All L. C. L. Freight	59,011	61,660	45,275	43,350	104,286	105,010	1.3	1.4
GRAND TOTALS.....	3,961,624	3,936,864	4,128,603	3,366,460	8,090,227	7,303,324	100.0	100.0

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Comparative Statement of Train, Locomotive and Car Mileage for the Year Ended
December 31, 1926**

Table No. 15

	1926	1925
TRAIN MILES.		
Freight:		
Ordinary.....	2,082,382	1,923,750
Light.....	16,885	14,142
Total Freight.....	2,099,267	1,937,892
Passenger.....	1,376,736	1,391,062
Mixed.....		1,638
Special.....	1,171	1,489
Total Transportation Service.....	3,477,174	3,332,081
Work Service.....	71,118	126,216
LOCOMOTIVE MILES.		
Freight:		
Principal.....	2,099,267	1,937,935
Helper.....	20,009	21,885
Light.....	58,348	52,837
Total Freight.....	2,177,624	2,012,657
Passenger:		
Principal.....	1,376,736	1,391,062
Helper.....	4,854	8,131
Light.....	12,271	7,186
Total Passenger.....	1,393,861	1,406,379
Mixed:		
Principal.....		1,638
Special:		
Principal.....	1,171	1,489
Light.....	24	6
Total Special.....	1,195	1,495
Train Switching.....	42,493	39,105
Yard Switching:		
Freight.....	1,087,304	1,061,005
Passenger.....	11,846	15,360
Total Yard Switching.....	1,099,150	1,076,365
Total Transportation Service.....	4,714,323	4,537,639
Work Service.....	71,378	127,011
CAR MILES.		
Freight Train:		
Loaded.....	69,279,655	64,509,006
Empty.....	34,281,743	28,324,025
Subtotal.....	103,561,398	92,833,031
Caboose.....	2,099,267	1,937,892
Exclusive Work Equipment.....	224,937	289,972
Total Freight Train.....	105,885,602	95,060,895
Passenger Train:		
Passenger.....	3,102,801	3,140,717
Sleeping, Parlor and Observation.....	2,090,934	2,094,984
Dining.....	432	176
Other.....	3,477,848	3,354,976
Total Passenger Train.....	8,672,015	8,590,853
Mixed Train:		
Freight—Loaded.....		1,548
Freight—Empty.....		1,312
Passenger.....		1,638
Total Mixed Train.....		4,498
Special Train:		
Freight—Loaded.....	20,141	32,115
Freight—Empty.....	2,395	1,335
Caboose.....	1,164	1,489
Passenger.....	5,094	11,620
Dining.....		420
Other Passenger Train.....	263	583
Total Special Train.....	29,057	47,562
Total Transportation Service.....	114,586,674	103,703,808
Work Service.....	503,214	1,569,173
Average Freight Car Miles per Car-Day.....	45.5	43.6

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY
Comparative Statement Showing Performance of Locomotives for the Year Ended
December 31, 1926

Table No. 16

	1926	1925
Cost of Repairs to Locomotives and Tenders.....	\$1,402,641.98	\$1,385,379.49
Per Mile run.....	.2931	.2970
Cost of Fuel used.....	\$1,962,084.43	\$1,836,690.30
Cost of Fuel Station Operation.....	54,568.44	61,012.30
Total Cost of Fuel per Mile run.....	.4214	.4068
Cost of Enginemen, Firemen and Roundhousemen.....	\$1,183,858.09	\$1,197,836.89
Per Mile run.....	.2474	.2568
Cost of Water Supply.....	\$ 105,974.41	\$ 115,172.38
Per Mile run.....	.0221	.0247
Cost of Lubricating Oil and Grease used.....	\$ 23,751.69	\$ 26,095.77
Per Mile run.....	.0050	.0056
Cost of Waste used.....	\$ 3,462.09	\$ 2,882.87
Per Mile run.....	.0007	.0006
Cost of Other Supplies.....	\$ 37,351.20	\$ 36,168.65
Per Mile run.....	.0078	.0078
Total Cost.....	\$4,773,692.33	\$4,661,238.65
Total Cost per Mile run.....	.9975	.9993
Tons of Coal used.....	123,656	110,786
Price per Ton.....	\$3.61	\$3.95
Barrels of Fuel Oil used.....	1,107,124	1,128,231
Price per Barrel.....	\$1.42	\$1.29
Miles run per Ton of Coal used.....	11.68	11.09
Miles run per Barrel of Oil used.....	3.02	3.05
Pints of Lubricating Oil and Grease used.....	337,087	343,145
Price per Pint.....	\$.0705	\$.0760
Miles run per Pint of Lubricating Oil and Grease used.....	14.20	13.59
Miles run per Pint of All Oils used.....	10.68	10.23
Pounds of Waste used.....	19,639	21,502
Price per Pound.....	\$.1763	\$.1341
Miles run per Pound of Waste used.....	243.68	216.94

NOTE.—Includes performance of Terminal Division locomotives and locomotives in work service.

THE KANSAS CITY SOUTHERN RAILWAY COMPANY
TEXARKANA AND FORT SMITH RAILWAY COMPANY

**Condensed Statement of Comparative Operating Results for the Year Ended
December 31, 1926**

Table No. 17

	1926	1925
Mileage Operated.....	865.10	865.10
Number of Tons carried:		
Revenue freight.....	8,090,227	7,303,324
Company freight.....	636,165	734,104
Average Distance (Miles) each ton was carried:		
Revenue freight.....	214.29	218.03
Including Company freight.....	208.24	209.38
Number of Tons carried one mile:		
Revenue freight.....	1,733,662,983	1,592,310,943
Company freight.....	83,561,846	90,572,565
Number of Tons carried one mile per mile of road:		
Revenue freight.....	2,004,003	1,840,609
Including Company freight.....	2,100,595	1,945,305
Tons to each loaded car:		
Revenue freight.....	25.02	24.68
Including Company freight.....	26.23	26.09
Tons to each loaded and empty car:		
Revenue freight.....	16.74	17.15
Including Company freight.....	17.55	18.13
Cars to each train:		
Loaded.....	33.00	33.29
Empty.....	16.33	14.62
Train Load in tons:		
Revenue freight.....	825.84	821.23
Including Company freight.....	865.65	867.94
Gross Ton Miles—Freight.....	4,112,070,504	3,736,333,822
Per freight train mile.....	1,958.81	1,928.04
Per freight locomotive mile.....	1,888.33	1,856.42
Number of Passengers carried—Earning revenue.....	603,297	724,364
Average Distance (Miles) each passenger was carried.....	81.22	71.34
Number of Passengers carried one mile.....	48,997,298	51,675,305
Per mile of road.....	56,638	59,733
Freight Revenue.....	\$18,196,796.20	\$17,439,572.02
Per mile of road.....	21,034.33	20,159.02
Per revenue freight train mile.....	8.66817	8.99441
Per ton of freight.....	2.24923	2.38790
Per ton per mile.....	.01050	.01095
Passenger Revenue.....	\$ 1,615,558.55	\$ 1,749,398.82
Per passenger.....	2.67788	2.41508
Per passenger per mile.....	.03297	.03385
Freight and Passenger Revenue.....	\$19,812,354.75	\$19,188,970.84
Per mile of road.....	22,901.81	22,181.22
Passenger Service Train Revenue.....	\$ 2,391,626.28	\$ 2,460,170.11
Per mile of road.....	2,764.57	2,843.80
Per revenue passenger train mile.....	1.73717	1.76780
Gross Revenues from Operation.....	\$21,921,946.62	\$21,165,155.15
Per mile of road.....	25,340.36	24,465.56
Per revenue train mile.....	6.30453	6.35193
Maintenance of Way and Structures.....	\$ 2,506,164.72	\$ 2,843,099.57
Per mile of road.....	2,896.96	3,286.44
Per revenue train mile.....	.72075	.85325
Maintenance of Equipment.....	\$ 3,523,779.93	\$ 3,473,566.90
Per mile of road.....	4,073.28	4,015.22
Per revenue train mile.....	1.01340	1.04246
Traffic Expenses.....	\$ 687,869.83	\$ 634,670.85
Per mile of road.....	795.13	733.64
Per revenue train mile.....	.19782	.19047
Transportation Expenses.....	\$ 6,766,974.18	\$ 6,607,756.97
Per mile of road.....	7,822.19	7,638.14
Per revenue train mile.....	1.94611	1.98307
Miscellaneous Operations.....	\$ 18,719.46	\$ 18,067.15
Per mile of road.....	21.64	20.89
Per revenue train mile.....	.00538	.00542
General Expenses.....	\$ 1,076,033.60	\$ 1,040,908.69
Per mile of road.....	1,243.83	1,203.22
Per revenue train mile.....	.30946	.31239
Transportation for Investment—Cr.....	\$ 30,883.31	\$ 32,266.62
Per mile of road.....	35.70	37.30
Per revenue train mile.....	.00888	.00968
Total Operating Expenses.....	\$14,548,658.41	\$14,585,803.51
Per mile of road.....	16,817.31	16,860.25
Per revenue train mile.....	4.18404	4.37738
Net Revenue from Operation.....	\$ 7,373,288.21	\$ 6,579,351.64
Per mile of road.....	8,523.05	7,605.31
Per revenue train mile.....	2.12048	1.97455
Ratio Operating Expenses to Gross Revenues.....	66.37%	68.91%
Ratio Operating Expenses and Taxes to Gross Revenues.....	72.92%	75.30%

THE ARKANSAS WESTERN RAILWAY COMPANY

Comparative General Balance Sheet, December 31, 1926

Table No. 18

ASSETS	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$1,287,708.73	\$1,287,174.59	\$ 534.14	
Miscellaneous Physical Property.....	167.00	167.00		
Total Investments.....	\$1,287,875.73	\$1,287,341.59	\$ 534.14	
CURRENT ASSETS.				
Cash.....	\$ 10,028.84	\$ 7,371.92	\$ 2,654.92	
Traffic and Car-service Balances receivable.....	2,166.82	2,489.02		\$ 322.20
Net Balance receivable from Agents and Conductors.....	253.12	712.03		458.91
Miscellaneous Accounts receivable.....	467.08	1,040.09		573.01
Material and Supplies.....	1,038.27	1,679.61		641.34
Other Current Assets.....	30.22	25.92	4.30	
Total Current Assets.....	\$ 13,982.35	\$ 13,318.59	\$ 663.76	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 5.74	\$ 66.71		\$ 60.97
Other Unadjusted Debits.....	318.84	347.94		29.10
Total Unadjusted Debits.....	\$ 324.58	\$ 414.65		\$ 90.07
Grand Totals.....	\$1,302,182.66	\$1,301,074.83	\$ 1,107.83	

LIABILITIES	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 650,000.00	\$ 650,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 5 Per Cent. Bonds, due July 1, 1934	\$ 650,000.00	\$ 650,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Interest on Bonds—The Kansas City Southern Ry. Co.				
Notes.....	309,750.00	309,750.00		
Open Account.....	211,250.00	178,750.00	\$32,500.00	
Open Account—The Kansas City Southern Ry. Co.....	361,160.49	333,660.49	27,500.00	
Total Long-term Debt.....	\$1,532,160.49	\$1,472,160.49	\$60,000.00	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....	\$ 798.24	\$ 980.77		\$ 182.53
Audited Accounts and Wages payable.....	6,380.89	7,528.20		1,147.31
Miscellaneous Accounts payable.....	412.43	161.23	\$ 251.20	
Unmatured Interest accrued—The Kansas City Southern Ry.				
Co.....	2,708.33	2,708.33		
Other Current Liabilities.....	32.35	10.62	21.73	
Total Current Liabilities.....	\$ 10,332.24	\$ 11,389.15		\$1,056.91
DEFERRED LIABILITIES.				
Other Deferred Liabilities.....		\$ 23.61		\$ 23.61
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 5,848.01	\$ 6,016.67		\$ 168.66
Other Unadjusted Credits.....	535.19	960.12		424.93
Total Unadjusted Credits.....	\$ 6,383.20	\$ 6,976.79		\$ 593.59
Total Liabilities.....	\$2,198,875.93	\$2,140,550.04	\$58,325.89	
CORPORATE DEFICIT.				
Additions to Property through Income and Surplus.....	Cr.\$ 3,799.11	Cr.\$ 3,799.11		
Profit and Loss debit balance.....	900,492.38	843,274.32	\$57,218.06	
Total Corporate Deficit.....	\$ 896,693.27	\$ 839,475.21	\$57,218.06	
Grand Totals.....	\$1,302,182.66	\$1,301,074.83	\$ 1,107.83	

The above Balance Sheet as at December 31, 1926, in our opinion correctly shows the financial position of The Arkansas Western Railway Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

KANSAS CITY, MISSOURI,
April 1, 1927.

PRICE, WATERHOUSE & CO.

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Income Account for the Year Ended December 31, 1926

Table No. 19

	1926	1925
OPERATING INCOME.		
Railway Operating Revenues.....	\$ 49,546.83	\$ 54,302.88
Railway Operating Expenses.....	48,968.71	64,786.83
Net Revenue from Railway Operations.....	\$ 578.12	\$ 10,483.95*
Railway Tax Accruals.....	\$ 5,406.71	\$ 6,826.00
Uncollectible Railway Revenues.....		4.77
Total Tax Accruals and Uncollectible Revenues.....	\$ 5,406.71	\$ 6,830.77
Total Operating Income—Deficit.....	\$ 4,828.59	\$ 17,314.72
NONOPERATING INCOME.		
Miscellaneous Rent Income.....	\$ 99.00	\$ 111.00
Income from Unfunded Securities and Accounts.....	117.42	156.72
Miscellaneous Income.....	10.00	Dr. 1,344.48
Total Nonoperating Income.....	\$ 226.42	\$ 1,076.76*
Gross Income—Deficit.....	\$ 4,602.17	\$ 18,391.48
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 3,263.95	\$ 3,692.14
Rent for Locomotives.....	10,980.00	10,950.00
Rent for Passenger-train Cars.....	5,840.00	5,939.20
Interest on Funded Debt.....	32,500.00	32,500.00
Interest on Unfunded Debt.....	15.35	17.62
Total Deductions from Gross Income.....	\$ 52,599.30	\$ 53,098.96
Net Income—Deficit.....	\$ 57,201.47	\$ 71,490.44
*Deficit.		
Profit and Loss Account for the Year Ended December 31, 1926		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$843,274.32	
Debit Balance transferred from Income.....	57,201.47	
Unrefundable Overcharges.....		\$ 7.08
Miscellaneous Credits.....		2.37
Miscellaneous Debits.....	26.04	
Debit Balance carried to Balance Sheet.....		900,492.38
Totals.....	\$900,501.83	\$900,501.83

THE ARKANSAS WESTERN RAILWAY COMPANY
Comparative Statement of Revenues and Expenses for the Year Ended
December 31, 1926

Table No. 20

	1926	1925
RAILWAY OPERATING REVENUES.		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$40,691.40	\$43,552.94
Passenger.....	4,686.28	6,396.34
Excess Baggage.....	43.68	71.21
Mail.....	1,988.71	2,151.26
Express.....	1,608.51	1,533.16
Other Passenger-train.....	121.30	101.93
Other Freight-train.....		23.04
INCIDENTAL.....	406.95	473.00
Total Railway Operating Revenues.....	\$49,546.83	\$54,302.88
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$20,411.14	\$33,041.68
MAINTENANCE OF EQUIPMENT.....	4,063.08	3,908.92
TRAFFIC.....	580.21	599.27
TRANSPORTATION—RAIL LINE.....	21,234.12	24,504.73
GENERAL.....	2,685.20	2,737.84
TRANSPORTATION FOR INVESTMENT—Cr.....	5.04	5.61
Total Railway Operating Expenses.....	\$48,968.71	\$64,786.83
Net Revenue from Railway Operations.....	\$ 578.12	\$10,483.95*
RAILWAY TAX ACCRUALS.....	\$ 5,406.71	\$ 6,826.00
UNCOLLECTIBLE RAILWAY REVENUES.....		4.77
Total Tax Accruals and Uncollectible Revenues.....	\$ 5,406.71	\$ 6,830.77
Total Operating Income—Deficit.....	\$ 4,828.59	\$17,314.72
*Deficit.		

THE POTEAU VALLEY RAILROAD COMPANY
Comparative General Balance Sheet, November 30, 1926
(Before transfer of accounts to The Kansas City Southern Railway Company)

Table No. 21

ASSETS	NOVEMBER 30, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$101,193.45	\$101,193.45		
CURRENT ASSETS.				
Cash.....		\$ 1,473.13		\$1,473.13
Traffic and Car-service Balances receivable.....	\$ 74.08	123.13		49.05
Net Balance receivable from Agents and Conductors.....		27.66		27.66
Miscellaneous Accounts receivable.....		26.50		26.50
Material and Supplies.....		552.44		552.44
Other Current Assets.....		5.34		5.34
Total Current Assets.....	\$ 74.08	\$ 2,208.20		\$2,134.12
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....		\$ 62.53		\$ 62.53
Other Unadjusted Debits.....	\$ 20.00	22.18		2.18
Total Unadjusted Debits.....	\$ 20.00	\$ 84.71		\$ 64.71
Grand Totals.....	\$101,287.53	\$103,486.36		\$2,198.83

LIABILITIES	NOVEMBER 30, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
CAPITAL STOCK.....	\$100,800.00	\$100,800.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$165,117.06	\$161,219.90	\$3,897.16	
CURRENT LIABILITIES.				
Traffic and Car-service Balances payable.....		\$ 4.18		\$ 4.18
Audited Accounts and Wages payable.....		1,533.82		1,533.82
Miscellaneous Accounts payable.....		8.22		8.22
Total Current Liabilities.....		\$ 1,546.22		\$1,546.22
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 1,506.25	\$ 1,700.00		\$ 193.75
Accrued Depreciation—Equipment.....	340.34	328.90	\$ 11.44	
Other Unadjusted Credits.....	1.47	212.48		211.01
Total Unadjusted Credits.....	\$ 1,848.06	\$ 2,241.38		\$ 393.32
Total Liabilities.....	\$267,765.12	\$265,807.50	\$1,957.62	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	\$166,477.59	\$162,321.14	\$4,156.45	
Grand Totals.....	\$101,287.53	\$103,486.36		\$2,198.83

NOTE.—Under a contract of purchase dated April 19, and a deed dated June 26, The Kansas City Southern Railway Company acquired all the property of The Poteau Valley Railroad Company. The latter company discontinued operations on April 22, and as of November 30 the above balances were transferred to the books of the purchaser.

THE POTEAU VALLEY RAILROAD COMPANY

Income Account for the Period January 1 to April 22, 1926, and for the Year Ended December 31, 1925

Table No. 22

	JANUARY 1 to APRIL 22, 1926	YEAR 1925
OPERATING INCOME.		
Railway Operating Revenues.....	\$ 381.11	\$ 2,260.77
Railway Operating Expenses.....	2,903.60	11,972.34
Net Revenue from Railway Operations—Deficit.....	\$ 2,522.49	\$ 9,711.57
Railway Tax Accruals.....	\$ 566.67	\$ 1,334.08
Uncollectible Railway Revenues.....	9.84	12.01
Total Tax Accruals and Uncollectible Revenues.....	\$ 576.51	\$ 1,346.09
Total Operating Income—Deficit.....	\$ 3,099.00	\$ 11,057.66
NONOPERATING INCOME.		
Miscellaneous Rent Income.....		\$ 12.00
Income from Unfunded Securities and Accounts.....	\$ 9.20	42.91
Miscellaneous Income.....		Dr. 392.00
Total Nonoperating Income.....	\$ 9.20	\$ 337.09*
Gross Income—Deficit.....	\$ 3,089.80	\$ 11,394.75
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 95.00	\$ 1,101.00
Rent for Locomotives.....	990.00	4,500.00
Total Deductions from Gross Income.....	\$ 1,085.00	\$ 5,601.00
Net Income—Deficit.....	\$ 4,174.80	\$ 16,995.75
*Deficit		
Profit and Loss Account for the Period January 1 to November 30, 1926		
	DEBITS	CREDITS
Debit Balance at beginning of period.....	\$162,321.14	
Debit Balance transferred from Income.....	4,174.80	
Miscellaneous Credits.....		\$ 18.35
Debit Balance carried to Balance Sheet.....		166,477.59
Totals.....	\$166,495.94	\$166,495.94

NOTE.—Income account includes delayed accounting to November 30.

THE POTEAU VALLEY RAILROAD COMPANY

Statement of Revenues and Expenses for the Period January 1 to April 22, 1926, and for the Year Ended December 31, 1925

Table No. 23

	JANUARY 1 to APRIL 22, 1926	YEAR 1925
RAILWAY OPERATING REVENUES:		
TRANSPORTATION—RAIL LINE:		
Freight.....	\$ 337.26	\$ 1,943.71
Passenger.....		124.55
Excess Baggage.....		.04
Mail.....	2.97	62.12
INCIDENTAL.....	40.88	130.35
Total Railway Operating Revenues.....	\$ 381.11	\$ 2,260.77
RAILWAY OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES.....	\$1,895.17	\$ 3,926.60
MAINTENANCE OF EQUIPMENT.....	184.06	1,782.86
TRANSPORTATION—RAIL LINE.....	464.57	5,245.64
GENERAL.....	359.80	1,017.24
Total Railway Operating Expenses.....	\$2,903.60	\$11,972.34
Net Revenue from Railway Operations—Deficit.....	\$2,522.49	\$ 9,711.57
RAILWAY TAX ACCRUALS.....	\$ 566.67	\$ 1,334.08
UNCOLLECTIBLE RAILWAY REVENUES.....	9.84	12.01
Total Tax Accruals and Uncollectible Revenues.....	\$ 576.51	\$ 1,346.09
Total Operating Income—Deficit.....	\$3,099.00	\$11,057.66

NOTE.—Includes delayed accounting to November 30.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY

Comparative General Balance Sheet, December 31, 1926

Table No. 24

ASSETS	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
INVESTMENTS.				
Investment in Road and Equipment.....	\$567,199.49	\$565,805.68	\$ 1,393.81	
Miscellaneous Physical Property.....	8,529.00	8,529.00		
Total Investments.....	\$575,728.49	\$574,334.68	\$ 1,393.81	
CURRENT ASSETS.				
Cash.....	\$ 53,492.97	\$ 38,376.80	\$15,116.17	
Special Deposits.....	170.00	110.00	60.00	
Miscellaneous Accounts receivable.....	20,053.85	25,688.67		\$5,634.82
Rents receivable.....	2,500.00	1,837.10	662.90	
Total Current Assets.....	\$ 76,216.82	\$ 66,012.57	\$10,204.25	
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 423.34	\$ 1,488.54		\$1,065.20
Other Unadjusted Debits.....	15.00	86.32		71.32
Total Unadjusted Debits.....	\$ 438.34	\$ 1,574.86		\$1,136.52
Grand Totals.....	\$652,383.65	\$641,922.11	\$10,461.54	

LIABILITIES	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
CAPITAL STOCK.....	\$150,000.00	\$150,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 30-Year 4 Per Cent. Gold Bonds, due August 1, 1927.....	\$150,000.00	\$150,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	224,825.98	219,825.98	\$ 5,000.00	
Total Long-term Debt.....	\$374,825.98	\$369,825.98	\$ 5,000.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 5,924.24	\$ 13,001.11		\$7,076.87
Miscellaneous Accounts payable.....	1,997.00	1,642.45	\$ 354.55	
Interest Matured unpaid.....	170.00	110.00	60.00	
Unmatured Interest accrued.....	2,500.00	2,500.00		
Other Current Liabilities.....	141.15	159.60		18.45
Total Current Liabilities.....	\$ 10,732.39	\$ 17,413.16		\$6,680.77
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 2,500.00	\$ 8,083.06		\$5,583.06
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 139.94	\$ 139.94		
Appropriated Surplus not specifically invested.....	19,791.33	15,703.54	\$ 4,087.79	
Profit and Loss credit balance.....	94,394.01	80,756.43	13,637.58	
Total Corporate Surplus.....	\$114,325.28	\$ 96,599.91	\$17,725.37	
Grand Totals.....	\$652,383.65	\$641,922.11	\$10,461.54	

The above Balance Sheet as at December 31, 1926, in our opinion correctly shows the financial position of The Kansas City, Shreveport and Gulf Terminal Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

PRICE, WATERHOUSE & CO.

KANSAS CITY, MISSOURI,
April 1, 1927.

THE KANSAS CITY, SHREVEPORT AND GULF TERMINAL COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1926

Table No. 25

	1926	1925
RAILWAY OPERATING REVENUES.		
INCIDENTAL.....	\$ 6,674.64	\$ 9,525.87
JOINT FACILITY.....	Dr. 6,674.64	Dr. 9,525.87
Total Railway Operating Revenues.....		
RAILWAY TAX ACCRUALS.....	\$ 8,386.15	\$10,007.49
Total Operating Income—Deficit.....	\$ 8,386.15	\$10,007.49
NONOPERATING INCOME.		
Joint Facility Rent Income.....	\$29,791.38	\$29,536.92
Miscellaneous Rent Income.....	669.07	1,907.07
Miscellaneous Nonoperating Physical Property.....	628.36	
Income from Unfunded Securities and Accounts.....	1,405.19	881.39
Total Nonoperating Income.....	\$32,494.00	\$32,325.38
Gross Income.....	\$24,107.85	\$22,317.89
DEDUCTIONS FROM GROSS INCOME.		
Joint Facility Rents.....	\$ 149.76	\$ 149.76
Miscellaneous Tax Accruals.....	128.71	
Interest on Funded Debt.....	6,000.00	6,000.00
Interest on Unfunded Debt.....	20.83	
Total Deductions from Gross Income.....	\$ 6,299.30	\$ 6,149.76
Net Income.....	\$17,808.55	\$16,168.13
DISPOSITION OF NET INCOME.		
Miscellaneous Appropriations of Income.....	\$ 4,087.79	\$ 3,182.01
Income Balance transferred to Profit and Loss.....	\$13,720.76	\$12,986.12
Profit and Loss Account for the Year Ended December 31, 1926		
	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$80,756.43
Credit Balance transferred from Income.....		13,720.76
Miscellaneous Credits.....		4.99
Loss on Retired Road and Equipment.....	\$ 22.17	
Miscellaneous Debits.....	66.00	
Credit Balance carried to Balance Sheet.....	94,394.01	
Totals.....	\$94,482.18	\$94,482.18

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative General Balance Sheet, December 31, 1926

Table No. 26

ASSETS	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$3,099,996.50	\$3,111,751.98	.....	\$11,755.48
CURRENT ASSETS.				
Cash:				
Deposit with Trustee under First Mortgage.....	\$ 480,000.00	\$ 480,000.00		
Miscellaneous Deposits.....	51,621.98	34,346.00	\$17,275.98	
Special Deposits.....	915.00	990.00		\$ 75.00
Net Balance receivable from Agents.....		1,552.82		1,552.82
Miscellaneous Accounts receivable.....	9,121.16	16,626.68		7,505.52
Rents receivable.....	67,667.80	67,995.30		327.50
Total Current Assets.....	\$ 609,325.94	\$ 601,510.80	\$ 7,815.14	
UNADJUSTED DEBITS.				
Discount on Funded Debt.....	\$ 127,316.14	\$ 132,197.26	.....	\$ 4,881.12
Other Unadjusted Debits:				
Surveying and Engineering—Construction and Betterment Account.....	24,244.21	.....	\$24,244.21	
Total Unadjusted Debits.....	\$ 151,560.35	\$ 132,197.26	\$19,363.09	
Grand Totals.....	\$3,860,882.79	\$3,845,460.04	\$15,422.75	

LIABILITIES	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 500,000.00	\$ 500,000.00		
LONG-TERM DEBT.				
Funded Debt Unmatured:				
First Mortgage 6 Per Cent. Gold Bonds, due February 1, 1953.....	\$2,500,000.00	\$2,500,000.00		
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	211,093.65	204,093.65	\$ 7,000.00	
Total Long-term Debt.....	\$2,711,093.65	\$2,704,093.65	\$ 7,000.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 21,943.62	\$ 24,303.29	.....	\$ 2,359.67
Miscellaneous Accounts payable.....	2,000.00	2,854.96	.....	854.96
Interest Matured unpaid.....	915.00	990.00	.....	75.00
Unmatured Interest accrued.....	62,500.00	62,500.00		
Other Current Liabilities.....	1,134.60	1,130.10	\$ 4.50	
Total Current Liabilities.....	\$ 88,493.22	\$ 91,778.35	.....	\$ 3,285.13
DEFERRED LIABILITIES.				
Other Deferred Liabilities.....	\$ 2,633.50	\$ 5,633.50	.....	\$ 3,000.00
CORPORATE SURPLUS.				
Additions to Property through Income and Surplus.....	\$ 12,455.78	\$ 12,455.78		
Profit and Loss credit balance.....	546,206.64	531,498.76	\$14,707.88	
Total Corporate Surplus.....	\$ 558,662.42	\$ 543,954.54	\$14,707.88	
Grand Totals.....	\$3,860,882.79	\$3,845,460.04	\$15,422.75	

The above Balance Sheet as at December 31, 1926, in our opinion correctly shows the financial position of the Port Arthur Canal and Dock Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.

KANSAS CITY, MISSOURI.

April 1, 1927.

PRICE, WATERHOUSE & CO.

PORT ARTHUR CANAL AND DOCK COMPANY

Comparative Statement of Income for the Year Ended December 31, 1926

Table No. 27

	1926	1925
OPERATING EXPENSES.		
MAINTENANCE OF WAY AND STRUCTURES	Cr.\$ 200.00	\$ 1,361.99
TAX ACCRUALS		\$ 25.59
Total Operating Income	\$ 200.00	\$ 1,387.58*
NONOPERATING INCOME.		
Income from Lease of Road	\$156,388.05	\$156,656.07
Miscellaneous Rent Income	3,000.00	3,009.00
Income from Unfunded Securities and Accounts	12,869.54	17,834.89
Miscellaneous Income	2.00	
Total Nonoperating Income	\$172,259.59	\$177,490.96
Gross Income	\$172,459.59	\$176,103.38
DEDUCTIONS FROM GROSS INCOME.		
Interest on Funded Debt	\$150,000.00	\$149,666.67
Amortization of Discount on Funded Debt	4,881.12	5,185.79
Miscellaneous Income Charges	1,509.00	1,653.90
Total Deductions from Gross Income	\$156,390.12	\$156,506.36
Net Income	\$ 16,069.47	\$ 19,597.02
*Deficit		
Profit and Loss Account for the Year Ended December 31, 1926		
	DEBITS	CREDITS
Credit Balance at beginning of year		\$531,498.76
Credit Balance transferred from Income		16,069.47
Miscellaneous Debits	\$ 1,361.59	
Credit Balance carried to Balance Sheet	546,206.64	
Totals	\$547,568.23	\$547,568.23

THE K. C. S. ELEVATOR COMPANY
Comparative General Balance Sheet, December 31, 1926

Table No. 28

ASSETS	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
INVESTMENTS.				
Property Investment.....	\$189,041.64	\$188,687.05	\$ 354.59	
CURRENT ASSETS.				
Cash.....	\$ 801.89	\$ 5,805.76	.....	\$5,003.87
Miscellaneous Accounts receivable.....	1,875.00	.....	\$1,875.00	
Total Current Assets.....	\$ 2,676.89	\$ 5,805.76	.....	\$3,128.87
UNADJUSTED DEBITS.				
Rents and Insurance Premiums paid in advance.....	\$ 5,649.87	\$ 778.77	\$4,871.10	
Grand Totals.....	\$197,368.40	\$195,271.58	\$2,096.82	

LIABILITIES	DECEMBER 31, 1926	DECEMBER 31, 1925	INCREASE	DECREASE
CAPITAL STOCK.....	\$ 25,000.00	\$ 25,000.00		
LONG-TERM DEBT.				
Nonnegotiable Debt to Affiliated Companies:				
Open Account—The Kansas City Southern Ry. Co.....	\$154,014.03	\$144,549.03	\$9,465.00	
CURRENT LIABILITIES.				
Audited Accounts and Wages payable.....	\$ 58.24	\$ 12.80	\$ 45.44	
DEFERRED LIABILITIES.				
Other Deferred Liabilities:				
Moore-Seaver Grain Co.....	\$102,997.23	\$111,462.23	.....	\$8,465.00
UNADJUSTED CREDITS.				
Tax Liability.....	\$ 525.00	\$ 583.33	.....	\$ 58.33
Other Unadjusted Credits.....	1,250.00	1,250.00		
Total Unadjusted Credits.....	\$ 1,775.00	\$ 1,833.33	.....	\$ 58.33
Total Liabilities.....	\$283,844.50	\$282,857.39	\$ 987.11	
CORPORATE DEFICIT.				
Profit and Loss debit balance.....	\$ 86,476.10	\$ 87,585.81	.....	\$1,109.71
Grand Totals.....	\$197,368.40	\$195,271.58	\$2,096.82	

The above Balance Sheet as at December 31, 1926, in our opinion correctly shows the financial position of The K. C. S. Elevator Company at that date as an individual Company, and is included in the Combined Balance Sheet of The Kansas City Southern Railway Company and its Subsidiary Companies.
KANSAS CITY, MISSOURI,
April 1, 1927.

PRICE, WATERHOUSE & CO.

THE K. C. S. ELEVATOR COMPANY

Comparative Statement of Revenues, Expenses and Income for the Year Ended December 31, 1926

Table No. 29

	1926	1925
OPERATING REVENUES.		
INCIDENTAL.....	\$15,028.04	\$15,028.04
Total Operating Revenues.....	\$15,028.04	\$15,028.04
OPERATING EXPENSES.		
MAINTENANCE.....	\$ 7,291.05	\$ 8,385.66
Total Operating Expenses.....	\$ 7,291.05	\$ 8,385.66
Net Revenue from Operations.....	\$ 7,736.99	\$ 6,642.38
TAX ACCRUALS.....	348.38	545.85
Total Operating Income.....	\$ 7,388.61	\$ 6,096.53
NONOPERATING INCOME.....	109.24	79.26
Gross Income.....	\$ 7,497.85	\$ 6,175.79
DEDUCTIONS FROM GROSS INCOME.....	6,388.14	6,751.39
Net Income.....	\$ 1,109.71	\$ 575.60*
*Deficit.		
Profit and Loss Account for the Year Ended December 31, 1926		
	DEBITS	CREDITS
Debit Balance at beginning of year.....	\$87,585.81	
Credit Balance transferred from Income.....		\$ 1,109.71
Debit Balance carried to Balance Sheet.....		86,476.10
Totals.....	\$87,585.81	\$87,585.81

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Income Account for the Year Ended December 31, 1926

Table No. 30

OPERATING REVENUES.		
Freight.....	\$18,237,824.86	
Passenger.....	1,620,244.83	
Switching.....	1,044,371.88	
Excess Baggage.....	13,770.17	
Special Service Train.....	5,473.72	
Mail.....	296,412.25	
Express.....	465,065.09	
Other Freight-train.....	5,043.80	
Other Passenger-train.....	4,585.39	
Incidental.....	136,630.09	
Joint Facility—Cr.....	150,741.23	
Joint Facility—Dr.....	8,288.75	\$21,971,874.56
OPERATING EXPENSES.		
Maintenance of Way and Structures.....	\$ 2,529,555.62	
Maintenance of Equipment.....	3,529,221.28	
Traffic.....	688,450.04	
Transportation—Rail Line.....	6,788,672.87	
Miscellaneous Operations.....	18,719.46	
General.....	1,079,078.60	
Transportation for Investment—Cr.....	30,888.35	14,602,809.52
Net Revenue from Operation.....		\$ 7,369,065.04
Tax Accruals.....	\$ 1,451,376.90	
Uncollectible Railway Revenues.....	6,693.20	1,458,070.10
Total Operating Income.....		\$ 5,910,994.94
NONOPERATING INCOME.		
Rent from Locomotives.....	\$ 38,674.10	
Rent from Passenger-train Cars.....	27,716.40	
Rent from Work Equipment.....	9,101.16	
Joint Facility Rent Income.....	198,636.64	
Income from Lease of Road.....	968.46	
Miscellaneous Rent Income.....	30,180.50	
Miscellaneous Nonoperating Physical Property.....	42,933.59	
Dividend Income.....	337,500.00	
Income from Funded Securities.....	6,869.21	
Income from Unfunded Securities and Accounts.....	326,156.40	
Miscellaneous Income.....	646.45	1,019,382.91
Gross Income.....		\$ 6,930,377.85
DEDUCTIONS FROM GROSS INCOME.		
Hire of Freight Cars—Debit balance.....	\$ 768,189.67	
Rent for Locomotives.....	45,500.90	
Rent for Passenger-train Cars.....	116,029.93	
Rent for Work Equipment.....	2,461.89	
Joint Facility Rents.....	259,217.32	
Rent for Leased Roads.....	16,724.57	
Miscellaneous Rents.....	493.18	
Miscellaneous Tax Accruals.....	6,371.84	
Interest on Funded Debt.....	2,645,616.33	
Interest on Unfunded Debt.....	742,808.48	
Amortization of Discount on Funded Debt.....	10,018.86	
Miscellaneous Income Charges.....	31,001.74	4,644,434.71
Net Income.....		\$ 2,285,943.14
DISPOSITION OF NET INCOME.		
Dividends on Preferred Stock.....	\$ 840,000.00	
Miscellaneous Appropriations of Income.....	4,087.79	844,087.79
Income Balance transferred to Profit and Loss.....		\$ 1,441,855.35

Combined Profit and Loss Account for the Year Ended December 31, 1926

	DEBITS	CREDITS
Credit Balance at beginning of year.....		\$15,158,537.86
Credit Balance transferred from Income.....		1,441,855.35
Profit on Road and Equipment sold.....		46.55
Unrefundable Overcharges.....		1,133.69
Donations.....		13,993.18
Miscellaneous Credits.....		4,334.64
Surplus Appropriated for Investment in Physical Property.....	\$ 13,993.18	
Debt Discount Extinguished through Surplus.....	122,220.26	
Loss on Retired Road and Equipment.....	24,553.99	
Miscellaneous Debits.....	1,457,007.10	
Credit Balance carried to Balance Sheet.....	15,002,126.74	
Totals.....	\$16,619,901.27	\$16,619,901.27

**THE KANSAS CITY SOUTHERN RAILWAY COMPANY
AND ITS SUBSIDIARY COMPANIES**

Combined Balance Sheet, December 31, 1926

Table No. 31

ASSETS		
INVESTMENTS.		
Investment in Road and Equipment (including Wharfage Property).....	\$114,216,452.46	
Deposits in lieu of Mortgaged Property sold.....	5,278,505.06	
Miscellaneous Physical Property.....	1,688,530.22	
Investments in Affiliated Companies:		
Stocks.....	\$193,336.33	
Bonds.....	782,227.63	
Notes and Advances.....	149,505.52	1,125,069.48
Other Investments:		
Stocks.....	\$ 3,116.23	
Miscellaneous.....	10,001.00	13,117.23
Total Investments.....		\$122,321,674.45
SECURITIES IN COURSE OF ACQUISITION.....		25,092,862.93
CURRENT ASSETS.		
Cash.....	\$ 1,575,275.51	
Special Deposits.....	1,556,444.16	
Loans and Bills receivable.....	1,278.00	
Traffic and Car-service Balances receivable.....	680,817.34	
Net Balance receivable from Agents and Conductors.....	322,232.43	
Miscellaneous Accounts receivable.....	592,632.32	
Material and Supplies.....	1,991,770.21	
Interest and Dividends receivable.....	2,737.65	
Rents receivable.....	2,500.00	
Other Current Assets.....	25,787.58	
Total Current Assets.....		6,751,525.20
DEFERRED ASSETS.		
Working Fund Advances.....	\$ 19,880.57	
Other Deferred Assets.....	28,029.32	
Total Deferred Assets.....		47,909.89
UNADJUSTED DEBITS.		
Rents and Insurance Premiums paid in advance.....	\$ 76,520.45	
Discount on Funded Debt.....	280,859.67	
Other Unadjusted Debits:		
U. S. Government—Income Guaranty.....	\$277,098.77	
Other Accounts.....	615,250.51	892,349.28
Total Unadjusted Debits.....		1,249,729.40
Grand Total.....		\$155,463,701.87

THE KANSAS CITY SOUTHERN RAILWAY COMPANY AND ITS SUBSIDIARY COMPANIES

Combined Balance Sheet, December 31, 1926

Table No. 31

LIABILITIES		
CAPITAL STOCK.		
Common Stock:		
Book Liability.....	\$30,000,000.00	
Held by or for Company.....	40,100.00	\$ 29,959,900.00
Preferred Stock:		
Book Liability.....	\$21,000,000.00	
Held by or for Company.....		21,000,000.00
Total Capital Stock.....		\$ 50,959,900.00
GOVERNMENTAL GRANTS.		
Grants in Aid of Construction.....		121,911.58
LONG-TERM DEBT.		
First Mortgage 3 Per Cent. Gold Bonds, due April 1, 1950.....	\$ 30,000,000.00	
Refunding and Improvement Mortgage 5 Per Cent. Gold Bonds, due April 1, 1950..	21,000,000.00	
First Mortgage 5½ Per Cent. Guaranteed Gold Bonds, Series A, of Texarkana and Fort Smith Railway Company, due August 1, 1950	10,000,000.00	
First Mortgage 4 Per Cent. Gold Bonds of The Kansas City, Shreveport and Gulf Terminal Company, due August 1, 1927.....	\$ 150,000.00	
Owned by Company.....	24,000.00	126,000.00
First Mortgage 6 Per Cent. Gold Bonds, Series A and B, of Port Arthur Canal and Dock Company, due February 1, 1953.....	2,500,000.00	
Equipment Trust No. 34, 6 Per Cent. Gold Notes.....	572,400.00	
Equipment Trust Series E, 5½ Per Cent. Gold Certificates.....	1,296,000.00	
Purchase Money Obligations secured by Bonds.....	115,768.80	
Total Long-term Debt.....		65,610,168.80
LIABILITIES AND COMMITMENTS IN CONNECTION WITH SECURITIES IN COURSE OF ACQUISITION.....		
		14,076,892.19
CURRENT LIABILITIES.		
Traffic and Car-Service Balances payable.....	\$ 908,714.53	
Audited Accounts and Wages payable.....	1,894,061.96	
Miscellaneous Accounts payable.....	60,691.63	
Interest Matured unpaid.....	568,008.50	
Dividends Matured unpaid.....	8,064.00	
Unmatured Dividends declared.....	210,000.00	
Unmatured Interest accrued.....	558,267.66	
Unmatured Rents accrued.....	4,772.85	
Other Current Liabilities.....	123,626.33	
Total Current Liabilities.....		4,336,207.46
DEFERRED LIABILITIES.		
Other Deferred Liabilities.....		571,234.41
UNADJUSTED CREDITS.		
Tax Liability.....	\$ 1,444,912.65	
Accrued Depreciation—Equipment.....	2,299,869.65	
Other Unadjusted Credits.....	370,547.13	
Total Unadjusted Credits.....		4,115,329.43
CORPORATE SURPLUS.		
Additions to Property through Income and Surplus.....	\$ 448,803.87	
Appropriated Surplus not specifically invested.....	221,127.39	
Profit and Loss credit balance.....	15,002,126.74	
Total Corporate Surplus.....		15,672,058.00
Grand Total.....		\$155,463,701.87

In the above statement all intercompany accounts are eliminated, so that the Combined Balance Sheet shows the Liabilities to the public and the Assets available against the same.

This Balance Sheet includes \$277,098.77 accrued as due from the Government under Section 209 of the Transportation Act in excess of amount paid by the Government. Application for authority to charge this amount to Profit and Loss is pending before the Interstate Commerce Commission.

We have examined the books and accounts of The Kansas City Southern Railway Company and its Subsidiary Companies for the year ended December 31, 1926, and we certify that the above Combined Balance Sheet is properly drawn up therefrom and in our opinion correctly sets forth the financial position of the Companies at that date.

KANSAS CITY, MISSOURI,
April 5, 1927.

PRICE, WATERHOUSE & CO.